





EUROPEAN NEWS

WEST GERMAN SOCIAL DEMOCRATS UNLIKELY TO DEMAND HALT TO ATOMIC POWER

Nuclear opponents losing ground

BY JONATHAN CARR IN BONN

FEARS THAT West Germany's ruling Social Democrat Party (SPD) might come out against continuing use of nuclear power appear to be receding. This, in turn, seems to reflect increasing public acceptance here that atomic energy has at least a temporarily vital role, despite the near-disaster in the Harrisburg reactor in the United States.

Immediately following the Harrisburg affair, opponents of atomic energy within the party gained ground under the eloquent leadership of Herr Eberhard Eppler, a former federal cabinet minister. It seemed they might raise enough support to push through a resolution demanding a halt to development of nuclear power at the party congress in West Berlin in December.

This would strain the government coalition with the liberal Free Democrats, who came out in favour of nuclear energy, albeit under carefully-formulated conditions, at their congress in June.

It would also play into the hands of the opposition at the start of the 1980 general election year. Herr Franz Josef Strauss, the opposition's candidate for Chancellor, has made it clear that the need for secure energy supplies will be a leading theme in his election campaign.

Preparatory work for the SPD congress now under way is producing a consensus that no complete halt to atomic power development should be demanded. There is bound to be a continuing dispute, however, on the exact conditions under which new reactors should be approved.

Indications are that the party will underline the energy priorities it set in 1977, namely: the savings first combined with development of new energy sources; a greater role for coal; and finally, use of atomic power to cover remaining needs.

Herr Horst Ehmke, chairman of the party's energy committee, said in an interview yesterday that he felt atomic energy might one day be replaced, but this did not appear possible in the next two decades.

Another leading SPD energy expert, Herr Ulrich Steger, has also underlined recently the need for nuclear energy. His statement carries more weight since he represents a constituency in the state of North Rhine-Westphalia, which has most to gain from greater use of coal.

The wider change of mood on nuclear affairs seems partly to have been caused by the temporary oil shortage and rise in heating oil prices, which have doubled since this time last year.

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Indeed, the factions favouring an alliance with the Socialists are already preparing an attack against the Christian Democrat leadership, which last July blocked the attempt of Sig. Bettino Craxi, the Socialist secretary-general, to form a government.

However, the renewed rift among the Left is bound to come as a bonus for the Christian Democrats, whose national council meets on September 2 to set the date for the congress. It is also likely to reinforce the position of the leadership, which has been under pressure from several vociferous factions and personalities like Sig. Arnaldo Forlani, the former Foreign Minister.

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However, Sig. Berlinguer's latest declarations are also likely to increase the unease and divisions within the party, which suffered its first major electoral setback in the general election last June.

This was largely interpreted as resulting from the failure of Sig. Berlinguer's policies of collaboration with the Christian Democrats. His return to such policies is expected to increase the internal debate in the party, which is trying to recover its electoral appeal and restore morale among its disillusioned rank and file.

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The two are difficult to accomplish. The two countries, Morocco and Mali, have not yet agreed on a joint energy policy. Morocco is a richly endowed country with large reserves of oil, gas, uranium and phosphates. Mali is a landlocked country with limited resources. The two countries are both members of the Organisation of African Unity (OAU) and the African Development Bank (ADB). They are also both members of the Economic Community of West African States (ECOWAS).

Left-wing row threatens Italian party truce

BY PAUL BETTS IN ROME

A BITTER controversy between Italian left-wing groups threatens to end the brief political truce agreed by the main parties which led to the formation of a new government earlier this month.

The row has hotted up following an interview by Sig. Enrico Berlinguer, the communist secretary-general, in which he maintained that there could be no stable government in Italy which excluded the Christian Democrats.

The Communist leader rejected the possibility of a left-wing alternative formula for Italy and reiterated his long cherished concept of the "historic compromise". This is a broad collaboration between all the main parties, including Communists and Christian Democrats.

Although the Communist Party still insists it will only support a government in which it is directly represented, Sig. Berlinguer none the less appears to be indicating his willingness to resume the dialogue with the Christian Democrats which was broken during the last protracted government crisis.

This has infuriated the smaller Socialist and Social Democrat parties which, despite their limited electoral appeal, are holding the balance of power in Parliament while the Communists remain in opposition.

The Socialists, in particular, appear determined to use their present position in Parliament to launch another attempt to have one of their number nominated Prime Minister.

To this end they are looking to the Christian Democrat national congress in the autumn. The ruling party appears divided whether to reach an alliance with the Socialists or seek a compromise with the Communists, falling

short of the latter's direct entry into government. There are several Christian Democrat factions opposed to any dialogue with the Communists, but any arrangement with the Socialists would inevitably bring up again the question of a Socialist Prime Minister, so the choice is difficult for the Christian Democrats.

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Turkey's payments deficit falls

By Metin Munir in Ankara

TURKEY'S BALANCE of payments position has improved significantly. The current account balance in the first half of this year showed a deficit of \$1.1bn, sharply down from \$2.9bn in the same period last year.

The fall in the deficit is attributed to the tough economic measures agreed with the International Monetary Fund—particularly the devaluations of the Turkish lira earlier this year, which have led to a large rise in invisible earnings.

Turkey's exports in the first half of 1979 totalled \$1.18bn, 22 per cent higher than the first half of 1978. Imports rose just over 7 per cent to \$2.4bn. The trade deficit of \$1.22bn was little changed from last year.

The main factors behind the reduction in the current account deficit were big rises in workers' remittances, down from \$1.09bn to \$1.09bn from \$342m, and in net earnings from tourism, to \$104m from \$38m. Both these areas were favourably affected by the currency devaluation.

The improvement in the balance of payments is an encouraging sign for the country's foreign creditors. However, imports are being held at a low level owing to continuing foreign currency constraints and at the expense of starving the local economy of imported raw materials and capital goods.

The IMF estimates that the trade deficit, which went down from a record \$3.63bn in 1977 to \$1.75bn in 1978, will be \$1.7bn in 1979.

Spacemen feel life on earth

MOSCOW — Two Soviet cosmonauts, back on earth yesterday after a record-breaking six months in orbit, will probably have to wait several days before seeing their families.

Lieutenant-Colonel Vladimir Lyakhov and Engineer Valery Ryumin who landed their Soyuz-24 craft at Kazakhstan, are likely to stay at the Baikunur cosmodrome while their bodies readjust to life back on earth.

Reuter

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OVERSEAS NEWS

Muldoon expected to act on fuel crisis

A REPORT issued yesterday by New Zealand's Commission for the Future (a public body charged with assessing long term policy options) underlines that the country has no real energy crisis. Keith Owenline writes from Wellington. What it has is a liquid fuel crisis.

There is ample hydro-electric power—indeed more than enough as a result of poor planning calculations in the past—a large off-shore natural gas field that has recently come on-stream, large deposits of lignite in the south of the South Island, and an abundance of forestry and agricultural sources of energy.

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The problem of oil is a highly visible one, if only because the Government has been criticised by closing all petrol stations throughout the weekends, and requiring that cars be left at home one day a week. The Government is under strong pressure to produce an energy policy that will satisfy public opinion and make economic sense.

The two are difficult to accomplish. The two countries, Morocco and Mali, have not yet agreed on a joint energy policy. Morocco is a richly endowed country with large reserves of oil, gas, uranium and phosphates. Mali is a landlocked country with limited resources. The two countries are both members of the Organisation of African Unity (OAU) and the African Development Bank (ADB). They are also both members of the Economic Community of West African States (ECOWAS).

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King Hassan pledges to defend Morocco's new Sahara territory

BY OUR RABAT CORRESPONDENT

KING HASSAN II of Morocco, in a rare Press conference, has said he is prepared to defend his country's latest acquisition in the Sahara by force of arms if necessary.

But the King seemed anxious not to antagonise neighbouring Algeria over the issue. At his meeting with journalists in Foz late on Sunday, the King said that after taking over all of the Western Sahara evacuated by Spain in 1976, he had no further claims to any territory either in neighbouring Algeria or Mauritania.

He implied that he was satisfied with the completion of Morocco's territorial integrity would after the take-over last week of the Tiris el-Gharbia, the Mauritanian part of the Western Sahara which has become the "new Moroccan province of Qued Eddahab," and he said he was prepared "to go to the very limit" to defend his latest acquisition by force of arms.

He said the Algerian-Moroccan frontier agreed on in 1972 after a border war between the two countries would be formally ratified by Morocco "as soon as we are able to leave in peace inside our frontiers," a reference to attacks on Morocco by the Algerian-supported Polisario Front which wants independence for the Western Sahara.

The Polisario recently warned it would carry guerrilla war far deep into the heart of Morocco's Sahara. But the Western Saharans say this is an idle threat as the 125,000-strong Moroccan armed forces, supplied by recently-formed People's Militia units in frontier areas, constitute a formidable force, although they are stretched along a border of nearly 2,000 miles.

Although they are still linked by a mutual defence pact the King said he would no longer help to defend Mauritania against Polisario attacks. He said the majority of the movement's members were Mauritanians and therefore he would consider any conflict between them as an internal affair.

But if the Polisario launched attacks on Morocco from Mauritania territory he would consider "the right of self-defence" and Algeria "sends tanks and planes" to Mauritania he would also intervene militarily.

The King said he could not say yet whether there was an immediate risk of war with Algeria. In fact he seemed anxious to avoid criticism of Algeria during the 90 minute news conference.

He said Colonel Moamer Gadhafi would be delighted if war broke out between Algeria and Morocco.

Defeated candidates fight result of Nigerian election

BY MARK WEBSTER

THREE OF the four candidates defeated in the Nigerian presidential election have said they will contest the verdict in court. At a Press conference here yesterday the three challenged the validity of the election, which ended when Alhaji Shehu Shagari was named President-elect to take over from the present military regime on October 1.

The three are Chief Obafemi Awolowo of the Unity Party of Nigeria, Dr. Nnamdi Azikiwe of the Nigerian Peoples Party and Alhaji Waziri Ibrahim of the Great Nigeria Peoples Party.

The four defeated candidates registered their dissatisfaction with the way in which the Government's electoral watchdog, the federal Electoral Commission, declared Alhaji Shehu Shagari the winner. The commission used a controversial formula for interpreting the electoral law which said that a candidate must have at least one-quarter of the votes in two-thirds of the states before he could be declared winner on the first round.

Now three of the four defeated candidates have called on the federal military government to reverse the decision and declare a second-round ballot. Under the electoral decree the second round would be fought between the two leading candidates in an electoral college comprising the two federal Houses of Assembly—the Senate and the House of Representatives—and the members of the 19 state Houses of Assembly.

DR. KURT WALDHEIM, the UN Secretary-General, has called for action to combat the scientific and technological imbalance between the industrialised countries and the Third World.

Opening the largest ever UN Conference on Science and Technology for Development here yesterday, he urged 4,000 participants, including some 60 Ministers and Secretaries of State from 135 countries, to move from "rhetoric to reality."

He stressed that 97 per cent of research and development is carried out in industrialised countries.

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Mitterrand seeks left-wing unity

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Socialist leader, M. Francois Mitterrand, yesterday proposed a revival of the Union of the Left. This linking of Socialists and Communists came to grief in the autumn of 1977 over disagreements on joint economic and nationalisation programmes.

M. Mitterrand's proposals were couched in cautious terms intended to make them acceptable to the Communist party whose leader, M. Georges Marchais, has already rejected as unrealistic any agreement between the two parties' executives.

Taking M. Marchais at his word, M. Mitterrand said that the Union of the Left could be recreated only step-by-step. He also accepted the Communist leader's suggestion that a start should be made by the adoption of common positions by the rank-and-file of both parties.

The idea behind this rather vague concept is that Socialist and Communist workers should join forces to combat the Government's economic policies which are already under heavy fire from nearly all the trade unions.

It is only after it has become clear that Socialists and Communists are willing to unite at the base that M. Mitterrand envisages an agreement between the party leaderships.

In theory, M. Marchais should welcome the Socialist leader's proposals since they run very much on lines that he himself has suggested. In practice, however, the Socialists and Communists have always found it very difficult to agree on joint action. Most observers are sceptical about the prospects for a new alliance built on such a fragile foundation.

Another factor militating against a new alliance is that the two parties are once again involved in a struggle for predominance within the Left. M. Marchais stole a march on

M. Mitterrand by returning earlier than usual from his holidays, and immediately launching a full-scale attack on the Government's economic policies. In doing so, he stressed that the Communists were the only real defenders of the working class.

M. Mitterrand's proposals for a resurrection of the Union of the Left are intended to demonstrate that the Socialists are at least as anxious as the Communists to promote workers' interests. Moreover, if the Socialist proposals are rejected by the Communists, the latter can once again be blamed for the failure of the Left to unite.

Swiss land for foreigners

BY JOHN WICKS IN ZURICH

PURCHASES OF Swiss property by foreigners reached a record last year. Cantonal and federal authorities approved all but 100 of 4,711 applications to buy Swiss real estate. The combined purchase price amounted to SwFr 1.3bn (£351m).

This brings the total value of such transactions for the period since the introduction of controls in 1961 to SwFr 9.73bn (£2,638m).

Since 1961, as much as 48.4m square miles of Swiss land (excluding apartment area as such) has been sold to foreigners. More than half of all sales have been to German and French buyers.

Election may be delayed in Portugal

By Jimmy Burns in Lisbon

THE PORTUGUESE general election could be delayed by an extension in the life of the present session of Parliament. The 263-seat assembly should have been dissolved immediately following the approval of the weekend of the Government programme.

But Dr. Maria de Lourdes Pintasilgo, the caretaker Prime Minister, has asked for special powers allowing her to make amendments to the 1976 budget and to round off a number of outstanding loan agreements.

By the terms of Portugal's constitution, the Government's powers to legislate on certain matters of economic policy are restricted without the specific approval of Parliament.

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David White reports from Brignoles in the south of France on the trail of havoc from this summer's forest fires

Mistral, mischief and misadventure turn the landscape to charcoal

THIS SUMMER'S forest fires in the south of France have taken on the proportions of a national calamity, and the authorities' response those of a belated war effort. In the last two days, the flames have encroached on the suburbs of Marseilles and popular camping areas nearby. In two months, 70,000 acres, according to the official and lowest estimate, have gone up in flames; a third of that in one department, the Var, in the space of four days earlier this month.

Tourists on their crowded way down to the Mediterranean find whole vistas turned into charcoal landscapes. They also find much stronger local reaction than to other years' fires. The destruction





Demonstrators in Tehran demanding to be sent to fight the Kurdish rebels in Western Iran.

# Troops move to silence Iran's Kurdish rebellion

BY ANDREW WHITLEY IN TEHRAN

THE LONG expected crackdown on all forms of dissent in the Islamic republic of Iran as well as on the existence of independent armed groups appears to be underway.

Ayatollah Azari-Qomi, the Revolutionary Prosecutor-General yesterday ordered all "armed parties and groups" to hand in their arms wherever they may be hidden. Failure to comply would be dealt with severely, he warned.

At the same time another 22 news publications have been banned. The latest swathe of closures leaves only a handful of committed pro-regime newspapers functioning.

Continuing what have become daily tirades against his opponents, especially pro-autonomy Kurds, Ayatollah Khomeini has now called on the Kurds themselves to capture two of their most prominent religious and political leaders, Sheikh Ezzeddin Hosseini and Dr. Abdurrahman Qassemloo, and hand them over to Government officials for trial.

Ayatollah Khomeini described the Kurdistan Democratic Party (KDP) as the "devil's party," affiliated to the U.S. and Zionism. It was the Kurds' religious duty he said to prevent their youth from joining the party, and to inform the army of its hide-outs.

Feeling is still running high among Persians-speaking Shia Muslims — the largest community in Iran and Khomeini's political base — over the weekend's bloody events in Kurdistan. The funeral ceremonies in Tehran for revolutionary guards killed in the fighting were the occasion for emotional scenes and the closing, in respect, of the capital's important bazaars.

Disturbances appear to be taking place in much of Kurdistan and surrounding parts of western Iran, though details are hard to confirm. Revolutionary guards in Tehran claim that six towns, mainly Turkish speaking, are being attacked by "counter-revolutionaries" and members of the KDP.

Kurdish officials, however, say the army has taken over the Kurdish border town of Saqqez and is preparing to move on Mahabad, the centre of Kurdish resistance.

Some reports indicate that several hundred members of the Kurdish left-wing and supporters of the KDP were arrested yesterday in the provincial capital of Sanandaj. These reports also speak of arrests of activist Kurds in Tehran and Saqqez.

On the first day of debate in the Constituent Assembly the sole independent delegate, Mr. Rahmetullah Moghadam-Marashi, spoke out against the authorities' action in the Kurdish region. He also criticised the way in which distinctions were being drawn between secular intellectuals and the clergy, to the detriment of the former.

The Revolutionary Prosecutor-General's order to hand in weapons will primarily affect the two main guerrilla organisations, the Marxist Fedayeen-Khalq and the Islamic radical Mujaheddin-Khalq. Neither group, each estimated to have between 1,500 and 3,000 hardcore members, is expected to comply.

# India crisis puts Jaguar deal further in doubt

By K. K. Sharma in New Delhi

INDIA'S WARRING political parties have picked on Britain's £1bn contract to sell Jaguar aircraft to the Indian air force as a central issue in their quarrel. As a result, the deal is in jeopardy.

The resignation of Mr. Charan Singh's 24-day-old government increases uncertainty over its future.

The Jaguar deal has been chosen as a political football because it was signed while Mr. Jagjivan Ram, now leader of the opposition, was Defence Minister. Doubts over the propriety of the deal will tarnish his image, and so weaken him as a political force during the present scramble for power.

The leading critic of the Jaguar deal is Mr. Raj Narain, Chairman of the Janata (Secular) Party and a close confidant of Mr. Charan Singh. His statements on the Jaguar have not been entirely consistent, but include references to "circumstantial evidence" that pay-offs worth Rs 1.05bn were involved in the deal.

Officials in India's Defence Ministry and the air force say that the contract, signed in November last year, is in the country's best interests. If they had their way, the Jaguars would soon have been flying.

If Mr. Charan Singh had chosen to face the vote of confidence scheduled to start in the Lok Sabha (Lower House of Parliament) yesterday, and had survived the vote, then the issue would probably have been dropped.

The decision to buy the Jaguar was approved by Defence Ministry experts and the Indian air force. When the contract was signed, the deal was the best available. The Cabinet, then headed by Mr. Morarji Desai, endorsed their opinions.

Scrapping the order would put back India's defence plans by several years, while penalty clauses in the contract will make cancellation extremely expensive.

# DEFENCE DEBATE IN TOKYO

## Japan looks to its allies

BY RICHARD C. HANSON IN TOKYO

NATO OFFICIALS meeting with Mr. Gaari Yamashita, the affable Director-General of Japan's Defence Agency, this week in Brussels may be surprised at how seriously the "no war" Japanese are taking their military these days. Moreover, Europeans who tend to think of Japan as their major commercial enemy will no doubt scratch their heads over how keen the defence chief will be to join hands against distant Japan's commonly perceived threat—the Soviet Union.

This trip by Mr. Yamashita is the second official visit by a Japanese defence chief to NATO (the first was in the spring of 1978 by Mr. Yamashita's predecessor). It is important because Japan is gradually lifting its military profile, in part to complement an expanded political role and in part to counter what its latest defence White Paper identifies as a weakening of the U.S. military position in the region vis-a-vis an expanding Soviet presence.

The Americans—with whom Mr. Yamashita consulted last week—want Japan to have a clearer idea of U.S. responsibilities in Europe (and the burden such a role carries). Japan perhaps needs some assurance that it does indeed have common interests with Europe as far as security is concerned, and that a more co-operative relation would bring mutual benefits. NATO at present pays little attention to Japan.

In Asia too, Japanese Defence Agency contacts with neighbouring states have begun to take on significance. Before visiting the U.S. (en route to Europe) Mr. Yamashita paid a visit to South Korea for discussions with his counterpart in Seoul. This was the first such trip by a Japanese Defence Agency chief although Japanese military and political leaders have always bled to the view that conditions on the Korean peninsula play a crucial role in Japan's security and stability to Asia.

The meeting in Seoul (since it was the first) raised considerable speculation over the prospects of further exchange between the two and a build up of military ties between the U.S., South Korea and Japan. The official explanation for the trip was that it simply had been long overdue. It is highly unlikely at present that the South Koreans and Japanese will overtly attempt any direct military co-operation.

The openness with which defence issues have been discussed in Japan over the past couple of years is somewhat startling when compared with the sixties and early seventies when the Vietnam war produced a strong antiwar movement in Japan (which served as a key staging area for U.S. forces). However since the war in Indochina, or at least since the U.S. involvement in it ended, a consensus has begun to form which holds that Japan must not depend nearly exclusively on a strong U.S. presence in Asia and the American nuclear umbrella and mutual defence pact.

The implications of this consensus do not for the moment include a serious move to rearm on a scale large enough to make Japan the military power in the region (South Korea and Taiwan both have more men in arms than Japan). According to last year's defence White Paper (which first pointed directly to the Soviets as the major threat), there are only five circumstances which would push Japan into rearmament: an end to the effectiveness of the Japan-U.S. security system; deterioration of U.S.-Soviet relations threatening conflict which could develop into a nuclear war; an improvement in Sino-Soviet relations which would alter the basic confrontation now existing between the two; a deterioration of U.S. moves to improve relations with China; or conflict on the Korean peninsula.

Rearmament for Japan would mean devoting more than 5 per cent of its Gross National Product to defence, up from the 0.8 per cent share the defence budget takes at present.

Japanese defence planners, instead of pushing for major budget allotments, have chosen to upgrade the quality of the forces and at the same time to preserve Japan's expertise in defence industries which could be called upon if circumstances change.

The U.S. has pledged to improve its own military presence in Asia in the face of a growing Soviet presence, but the Japanese view is that the Soviets are expanding rapidly enough to be within reach of U.S. capability in some aspects. The Japanese became alarmed when the Soviets this year brought into the region a Kiev-class aircraft carrier, the Minsk, a guided missile cruiser and an amphibious assault transport dock. The new "backfire" bomber is also expected to be deployed in the East and the Soviets have built up their forces on the northern islands of Kunashiri and Etorofu, occupied by the Soviet Union after World War II but claimed as Japanese territory.

The tone of the Defence White Paper this year has been criticised through the Japanese Press as "The Russians are Coming," overreaction to the Soviet buildup. American observers also downplay the military importance of bringing in ships like the Minsk.

But Mr. Yamashita emphasised recently to a gathering of foreign correspondents that the position expressed in the White Paper about the Soviets was indeed the Government's unified stand. When asked whether Japan planned an increase in its military role in the region to counter the Soviet threat, he answered by noting that present plans for improving the naval forces includes an additional 16 destroyers, five submarines and other vessels for a total of 39 ships through the mid 1980s.

With Japanese naval thinking already projecting itself strategically 1,000 nautical miles from Japan, it may be logical at some point to extend capabilities further to vital sea lanes over which oil is transported.

Time will be needed for Japan to establish its proper military role, but the debate is continuing, in earnest, and as Mr. Yamashita commented concerning his busy schedules since assuming his post last year: "Time now flies like a missile."

# Dispute over legal advice at Tarling trial

SINGAPORE—A prosecution witness clashed in court with defence counsel for British businessman Mr. Richard Tarling yesterday over whether Mr. Tarling's company had sought competent advice on Singapore company law.

In his interim report, published in December 1975 and in which the defence says, the criminal charges were based, Mr. Grundy concluded that neither of the accountants Haw Par had consulted on setting up a unit trust fund in Hong Kong was competent to advise on the implications of this in Singapore.

Mr. Howard Cashin, defence counsel, cross-examining Mr. Grundy, suggested that Mr. Clive Warman, an accountant appointed in 1973 by the Singapore Government to probe the accounts of Haw Par, a subsidiary of the British Slater Walker group.

Mr. Grundy replied that not being in practice in Singapore, Mr. Warman could hardly be expected to be looked on as an expert in Singapore company law. Mr. Cashin said he understood that Mr. Warman was a senior partner of Arthur Young, not only in Hong Kong but also in Singapore.

To this Mr. Grundy replied that if Mr. Warman was practising in both places he was not aware of it.

Mr. Grundy later said that in his opinion there were two objections under Singapore company law to the Haw Par accounts for 1972. They did not reflect the effect of the creation of The Melbourne Unit Trust by Haw Par in Hong Kong. Further, he claimed they excluded from the Haw Par group accounts HK\$36m (£3.08m), being the profits from two subsidiary companies, Grey Securities and Cocha — which were the assets of the unit trust.

However, Mr. Grundy agreed with Mr. Cashin's suggestion that these profits were shown in the 1972 balance sheet of the trust.

# Seven die in Beirut car blast

BY HSAN HIJAZI IN BEIRUT

SEVEN PEOPLE were killed and several others injured yesterday in a powerful explosion in Christian east Beirut. According to police officials, a booby-trapped car went off in the residential quarter of Ashrafyah shattering windows and smashing parked cars. Most of the casualties were in cars passing at the time of the blast.

The radio station of the right-wing Phalange Party said that glass in 150 buildings was smashed. The booby-trapped car carried a counterfeit licence plate, the radio said, and investigations to identify the culprits were under way.

The Christian areas in Lebanon have lately been the scene of friction between rival Christian groups, mainly the Phalange Party and the "Marada Brigade," or militia, from the northern town of Zgharta who are followers of former President Suleiman Franjeh.

Last week, Zghartawis disguised as monks attacked a road block manned by Phalangist militiamen in the district of Bablos north of Beirut, killed three of them and escaped. The feud between the two sides has been raging since Phalangist militia a year ago killed Mr. Franjeh's eldest son, Tony, and his family in an attack on the northern town of Ebden.

Ex-President Camille Chamoun, a prominent Christian leader, has called for a truce between the two factions.

David Lennon writes from Tel Aviv: The Israeli army moved swiftly yesterday against Jewish settlers who had occupied an Arab owned hilltop near their settlement on the West Bank.

The Defence Minister ordered the army to remove the settlers, who said the Government had failed to provide them with additional land as promised.

# Japan, U.S. textiles pact

TOKYO — Japan and the U.S. have concluded a new bilateral agreement on Japanese cotton, wool and man-made fibre textile exports to the U.S. The Japanese Foreign Ministry said the new agreement replaces the previous arrangement that expired at the end of last year.

Under the agreement, exports of Japanese textiles will, in principle, remain free from quantitative limits for three years from January 1 this year.

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AMERICAN NEWS

Black leaders moving closer to Palestinians

BY DAVID BUCHAN IN WASHINGTON

BLACK AMERICAN leaders were due yesterday to meet the Palestine Liberation Organisation (PLO) representative in New York...



Mr. Andrew Young, interviewed on 'Face the Nation'.

His prediction seemed to have been borne out yesterday as Mr. Walter Fauntroy and the Rev. Joseph Lowery, respectively, the chairman and president of the Southern Christian Leadership Conference...

Mr. Yizal Yadin, Israel's Deputy Prime Minister, speaking on U.S. television over the weekend, went out of his way to stress that Israel's present, which precipitated Mr. Young's demise...

rights but not to a separate Palestinian state, have run into a further impasse.

Mr. Robert Strauss, the President's Middle East trouble-shooter, was yesterday flying back from the area after being told in Jerusalem of Israel's strong objection to such a resolution...

Such has been the adverse reaction to the U.S. plan that Mr. Strauss is reported to be preparing now to try to persuade President Carter to drop the idea...

It is not yet known whether Mr. Strauss will report his trip in person to Mr. Carter, who is still steaming down the Mississippi River on a working vacation...

El Salvador hostages flee factory

SAN SALVADOR — At least 150 of some 200 workers held by a score of strikers at the Apex Textile factory have fled unharmed.

Somoza flies into Paraguay

ASUNCION — Gen. Anastasio Somoza, the ousted Nicaraguan President, has flown into Paraguay with relatives and friends...

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Brazil looks to farmers

BY DIANA SMITH IN BRASILIA

SR. DELFIM NETTO, Brazil's new Planning Minister is banking on greatly increased agricultural output.

Mr. Netto plans no further restrictions on consumption of oil derivatives, he told Sao Paulo businessmen.

Bermuda takes hard line on bill for UK troops

THE Bermudian Government has told Britain that it should not have to pay any of a Bds\$ 1.7m (£760,000) bill for calling in troops during riots in 1977.

At first, the island was thought to be offering only Bds\$ 500,000 of the amount, but a harder line has been taken because Britain is responsible for Bermuda's security.

The POLITICAL backdrop to the SALT II arms treaty debate in the U.S. Senate has undergone a swift change...

The Senate's spotlight is no longer focused so much on the detailed provisions of the 80-page treaty, thrashed out with tough Soviet negotiators over the past six-and-a-half years.

As Senators left Washington this month for the August recess, there were some smiles on administration officials' faces...

Proof positive about which way the tide of the SALT battle is flowing will come at the end of next month, when three Senate committees — Armed Services, Foreign Affairs, and Intelligence — issue their reports.

Brazil imports close to 1m barrels a day of crude, and produces 960,000 barrels of derivatives.

The cost of imports will be over \$7bn in 1979. This burden on the balance of payments has led the Administration to try to discourage petrol consumption...

● Brazil has ordered a \$18m methanol distilling plant from the Soviet Union, which has developed advanced technology for turning eucalyptus into methanol.

India first quarter deficit

NEW DELHI — India's foreign trade balance showed a deficit of Rupees 2.6bn (£45m) during the first quarter (April to June) of the current financial year...

Revised figures issued by the Ministry showed a total deficit of Rupees 10.7bn (£597m) for the financial year 1978-79.

● Loading and unloading operations at Calcutta Port have come to a halt since the labourers employed by the Dock Labour Board went on strike last week.

But the British Government has said it was made clear in a 1975 agreement that Bermuda would have to pay if troops were ever called in.

A high-ranking government official, who did not want to be named, said: "We are arguing that we should not have to pay any of the amount."

But it is noteworthy that none of Jimmy Carter's Republican presidential opponents have so far detected enough anti-SALT sentiment to come out flatly against the arms pact.

WORLD TRADE NEWS

Dutch trade gap narrows

By Charles Batchelor in Amsterdam

The strong performance of the foodstuffs, metals and chemical sectors helped reduce the Dutch trade deficit to the first-half of 1978, according to Central Statistics Office figures.

The deficit in the first half of 1979 fell to Fl 1.8bn (£400m) from Fl 2bn in the same period of 1978. Exports were Fl 61.8bn (£13.7bn) while imports were Fl 63.6bn.

The Netherlands is expected to have a trade deficit of Fl 2.5bn this year compared with Fl 6.2bn in 1978.

In June alone a deficit of Fl 500m was recorded. Fl 200m more than in the same 1978 month.

India first quarter deficit

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Swiss watch exports in decline

BY JOHN WICKS IN ZURICH

EXPORTS by the Swiss watch industry by the first half of this year amounted to SwFr 1.49bn (about \$400m) and were thus lower by 8.5 per cent than in the corresponding period of 1978.

This was due to a 10.4 per cent decline in the export of finished watches and one of 7.3 per cent in watch movements.

However, there was a sharp increase in foreign sales of electronic products, even although this was more than offset by the very marked fall in exports of low-price mechanical models.

Switzerland is still by far the biggest watch manufacturing country, but its share in the world market has dropped to 23.8 per cent.

Safeguard issue remains major GATT obstacle

BY BRIJ KHINDARIA IN GENEVA

NEGOTIATIONS for an international code to govern conditions under which Western governments may impose temporary import curbs on cheap products from the Third World are likely to resume in Geneva next month, despite the collapse in July of earlier rounds of talks.

The code is the most important element of a package of trade measures being completed under the Tokyo Round trade negotiations, which will regulate world trade during the next decade.

The earlier negotiations broke down because of a fundamental difference between developing countries and the Common Market about how any import curbs, called "safeguard measures" in Tokyo Round jargon, should be imposed.

"We have gone back to square one, and the discussions on safeguards are now in complete chaos," a diplomat from a leading developing country said.

Bids sought for Aqaba project

BY RAMI G. KHOURI IN AMMAN

JORDANIAN PLANS for a large new power plant at Aqaba, in the south of the country on the Red Sea coast, are now going ahead.

The size of the station was not specified in the prequalification documents but Mr. Ibrahim Badran, the authority's planning Director, has said in recent press interviews that a 300 megawatt station is required at a plant of not less than 20m gallons per day output.

Jordan industries study

THE POTENTIAL for establishing import substitution industries in Jordan to meet steadily rising local demand as well as the needs of the vast nearby Arab market is spelled out clearly in a new report by the economic department of the Royal Scientific Society.

The study examines 49 imported items and suggests that local industries could be profitably established for most of them.

The RSS report comes up with three lists, in order of priority, for establishing import-substituting industries. The first priority list consists of the following ten items: electricity, gas and liquid meters; locks and padlocks; printing ink; lamps and lighting fittings; furniture and parts; clothing; travel goods; tubes, pipes and their fittings; taps, valves and cocks; and bolts, nuts, nails and springs.

Jordan's total imports have risen sharply from dinar 76m (£115m) in 1971 to dinar 454m (£687m) in 1977. Exports have lagged far behind, leaving a trade deficit in 1977 of dinar 372m (£562m) or 61 per cent of gross national product.

So Senator Nunn then put his cards on the table. He would oppose SALT II if it lured the American public into a false sense of security on defence spending—but would support it if the Administration were to pledge a real defence spending increase of the order of 5 per cent through 1984.

His price is high. Meeting Senator Nunn's condition would increase defence spending from 1978 levels by \$112m over the next five years.

ing developing country said. The main dispute centres on Common Market insistence that it should be allowed to apply curbs whenever it wishes and against whichever supplier it chooses, if it judges that imports are harming the interests of domestic producers.

Developing countries refuse to hedge from their basic stand, that safeguard measures should be applied after consultation with and approval by an international committee, and should affect all suppliers equally. Another major argument concerns the criteria used to prove that domestic producers are being hurt by imports.

If further negotiations fail to produce results, an existing article of the General Agreement on Tariffs and Trade (GATT) which has so far ruled world trade, will continue to apply.

This requires that any safeguard measure can be taken only if it is applied on a most favoured nation (MFN) basis, meaning that imports from every source should be curbed, even if damage to the home industry is caused by imports from only one country.

This article is thought to need replacement because several Western countries, including Common Market members, have in the past interpreted it as allowing selective action against specific Third World exporters.

The director-general of GATT, Mr. Orlin Long, has suggested that a committee of contracting parties to GATT should be set up to "examine and take note of" new safeguard measures taken by any country.

The committee would also act as an umbrella under which further negotiations for a new code could be held, even after the other parts of the Tokyo Round package are put into practice.

Esso to expand in Singapore

SINGAPORE — Esso Singapore plans to invest a further \$200m (about £40m) over the next three years in order to optimise its refining capacity, according to Esso's managing director, Mr. Terence Young.

General Alexander Haig, the retired NATO commander, told the Senate last month that signs of support for SALT II by NATO governments was their deep desire, in his view, that the U.S. should reassert alliance leadership by steep increases in defence spending.

"It also bodes ill for meeting the terms of Senator Nunn and many of the moderate-conservatives who think like him.

The administration has of course various means to influence events before the final Senate floor vote on SALT II likely to be in November or early December. Most immediately, it should announce its decision on how exactly the MX missile system should be based. This is only a logical development from President Carter's announcement in the spring that the U.S. would go ahead with the system.

But President Carter has little economic leeway to accommodate the Nunn lobby. As the counts show, a recession marked with a soaring rate of inflation, massive increases in defence expenditure will prevent Mr. Carter from achieving his goal of a reduced overall budget deficit.

There is almost certainly an element of bluff in their threat. It is hard to conceive that on the final roll call, the "doves" will join the "hawks" to defeat SALT II, when rejection of the treaty would be hailed purely as a "hawk" victory.

More "guns" and even less "butter" in next January's federal budget could mean a win for Mr. Carter the SALT II treaty. But that recipe might lose him his party's nomination for re-election.

David Buchan in Washington reports on the political battle for ratification of the SALT II treaty with Moscow

Senate finds new focus on SALT II



Senator Sam Nunn

course would be to subject the treaty to a tug of war on the Senate floor.

But the former Secretary of State scorned the Carter administration's refusal to be unable to use the evident Russian desire for SALT II to curb their military activities in and around the Third World.

The idea pleased some Senators, who want more say in future arms control talks, and it may gather further support when Congress reconvenes.

The idea pleased some Senators, who want more say in future arms control talks, and it may gather further support when Congress reconvenes.

able reputation for military expertise, and that renown (through his work in the mid-1970s in improving NATO conventional forces) is respected by Senate colleagues, partly because, unlike many of them, Mr. Nunn has made clear that his ambitions lie no further than the legislature.

Though no rubber stamp for the Pentagon, Mr. Nunn, like many Southerners, is a staunch supporter of the uniformed military.

True to form, therefore, Mr. Nunn took his cue on SALT II from the hemlocked Joint Chiefs of Staff, whose plie-matic chairman, General David Jones, told the Senate: "None of us is totally at ease with the provisions of the agreement. But we view it as a modest but useful step in a long-range process."

The chiefs coupled this lukewarm endorsement of the treaty with a plea for more defence spending.



# Sasse problems delay latest Lloyd's figures

BY JOHN MOORE

ANNUAL RESULTS from Lloyd's of London, the insurance market, have been delayed because of problems surrounding the Sasse underwriting syndicate.

The full results which last year disclosed a profit of £138.2m for the 1975 underwriting year, usually appear in September, but there could be a delay of up to a month.

The figures due to appear are those for 1976. These will be the latest available because Lloyd's leaves its account open for three years to catch the claims that arise on the business insured each year.

The underwriting syndicate formerly headed by Mr. Frederick Sasse hit fresh problems this month when it was disclosed that losses are running at £20m compared with an estimated £13.5m.

Because Lloyd's could not satisfy itself as to the extent of the syndicate's outstanding liabilities on the 1976 underwriting account, which was showing £11.5m of the total losses, it has attempted to arrange a re-insurance to limit the liabilities of the syndicate.

Without this re-insurance, Lloyd's would not have been able to allow an unqualified audit certificate to be issued on the syndicate's 1976 accounts.

The Sasse syndicate's difficulties have meant that Lloyd's has not been able to complete the whole of the market's annual submissions to the Department of Trade for approval. The Department has had to ask the syndicate for an extension on its audit date three times, and has gained a further month's time. The syndicate's audit date is now September 30.

The reinsurance for the syndicate, which covers it against any deterioration in the 1976 account, is nearly completed at Lloyd's. Willis Faber and Dumas acted as principal brokers on the contract. A substantial part of the premium on the contract is to be met from Lloyd's internal funds, to which all members subscribe.

Not all members of the syndicate feel that Lloyd's has done enough to help them. Some want the reinsurance to cover the 1977 underwriting year, on which they are facing £4.6m of losses.

Two members of the syndicate, Mr. Joseph Benjamin and Mr. Murray Gordon, chairman of Combined English Stores, have taken legal advice.

They plan to convene a meeting of the 110 members of the syndicate on August 31 at Lloyd's.

# Plan to tax perks worries directors

BY DAVID FREUD

THE INSTITUTE of Directors yesterday asked for an urgent meeting with the Prime Minister to discuss the taxation of fringe benefits. It said increased taxation on employees with company cars would be a "major mistake" if considered in isolation.

The request follows the publication of an Inland Revenue consultative paper on Friday which proposes that income tax on the benefit of company cars and petrol should be raised to a "realistic" rate and applied to all employees.

The institute said that while it believed fringe benefits to be a less satisfactory form of pay than extra cash in the pocket, it opposed any reductions without the Government further implementing its declared policy of cutting direct taxes at all levels.

Mr. Walter Goldsmith, the director-general, said: "We are totally mystified at the timing of the Government's proposals. There would be much more logic in the Government's approach if it had produced a discussion document on both taxes and fringe benefits at the same time."

Mr. Goldsmith said that the man with taxable income of £10,000 a year and a car would be no better off than before the last Budget. "We do not believe that rewards should be given with one hand and taken away with the other."

The Confederation of British Industry and the Society of Motor Manufacturers and Traders have also expressed cautious concern about the proposals, and Mr. Terry Duffy, engineering union president, attacked them over the weekend.

However, yesterday Dr. formerly British Leyland, said the proposals would be acceptable depending on whether any reduction in company purchases was offset by personal spending which would keep up demand.

# American rival abandons action against INMOS

BY MAX WILKINSON

A LAW SUIT which threatened the future of the National Enterprise Board's microelectronics subsidiary, INMOS, has been abandoned in an agreed settlement.

The suit, brought against INMOS by the Dallas microelectronics company, Mostek, has been abandoned in an agreed settlement.

Mr. Iann Barron, managing director of INMOS (UK), said yesterday that the settlement prevented Mostek from bringing further action against INMOS on most of its complaints.

He said he was very pleased with the outcome, although the lengthy legal tussle had caused INMOS a "lot of trouble and inconvenience."

Mostek started its action a year ago, soon after it was announced that INMOS was to be set up with Dr. Paul Schroeder, a former chief designer at Mostek, as one of the three top executives.

In September, after six days of court testimony in Dallas, Judge Robert Porter refused to grant Mostek a temporary injunction against INMOS on allegations of breaches of anti-trust laws and violations of anti-corruption practice.

**Inhibited**

Subsequently, the four engineers (not including Dr. Schroeder) decided not to take up the offer of jobs with INMOS but to set up as a consultancy on their own.

Although the judge's decision was seen as a victory for INMOS, it still left Mostek able to pursue its action through the U.S. courts, and must have inhibited the new company's planning.

INMOS has now established a pilot plant in Colorado with 40 employees for the production of semiconductor memory chips and microcomputers. With both these products, it will be in direct competition with Mostek and the other leading suppliers of standard components for the world computer market.

INMOS is expecting to start full-scale production in the UK by the end of 1981. Its total funding by the NEB is expected to reach £50m in the peak.

The NEB has said the new company could eventually provide 4,000 jobs in four major plants in the UK, but this will depend on whether INMOS can obtain a large enough share of a fiercely competitive world market.

So far it has established a head office in Bristol with about 40 staff. It is recruiting steadily and expects to employ about 500 by the end of 1980.

In addition to its legal arguments with Mostek, INMOS has had major uncertainties over its future following the election of the Conservative Government.

Sir Keith Joseph, Industry Secretary, has instructed the NEB to sell £100m of its investments to the private sector, but has also said it should continue its role as an investor in "high technology" industries, which are assumed to include INMOS.

The company's next major task is to choose a site for its first UK factory from the 100 proposals by local councils and regional development agencies.

INMOS would probably like a West Country site near its present headquarters, but has faced strong political pressure to choose a more depressed part of the UK.

Mr. Barron said yesterday that the decision was "not yet imminent."

# Labour moderate may gain seat on national executive

BY ELINOR GOODMAN, LOBBY STAFF

AT LEAST one of the likely candidates for the Labour leadership could increase his influence in the party by winning a seat on the national executive this year.

This could provide Mr. James Callaghan, the party leader, with another moderate ally on the Left-wing dominated executive.

Mr. Peter Shore, Dr. David Owen and Mr. Roy Hattersley are all trying to win the seat in the seven-member constituency section of the committee being vacated by Mrs. Barbara Castle.

Since Mr. Ian Mikardo, another of the Left's most experienced war horses and the runner-up in last year's ballot, has apparently indicated that he will not stand, one of these three members of the Shadow Cabinet stands a reasonable chance of being voted onto the executive.

The election, which will take place at Labour's conference in Brighton, will not, however, provide a comprehensive test of popularity in the party, as three other possible contenders in the leadership stakes—Mr. Denis Healey, Mr. John Silkin and Mr. Merlyn Rees—have decided not to stand.

Once membership of the executive was regarded as a prerequisite of any potential leader, but neither Mr. Healey, a former member, or Mr. Silkin, who might attract support from the Left-wing dominated constituency section, appears to believe it is worth standing.

The nominations, which closed last week, contain few surprises, though the list of aspirants for the constituency section is longer than ever. The expectation is that the composition of the 12-member trade union section will stay much the same as last year's.

But the moderates are again hoping to oust Left-wingers in the five-member women's section with their own candidates.

Mrs. Shirley Williams, who lost her seat in the general election, has again been nominated for the NEC and, in accepting, she may assuage doubts that she remains intent on a political career.

The executive is dominated by the Left. As a result, it is often at odds with Mr. Callaghan who, since the election defeat, has faced repeated challenges to his authority from other NEC members.

If the moderate wing of the party is to increase its influence in opposition it will have to get more of its representatives onto the executive. But, as the voting is organised at present, the odds favour the Left.

For this reason, even though the three members of the Shadow Cabinet contesting the constituency section were among the top runners-up last year, they cannot be certain that the fierce price war of the past three years may be drawing to an end.

# Rothmans cigarette price to rise by 3p for 20

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

PRICES OF Carreras Rothmans cigarettes are to rise by 3p per packet of 20 from next month, the company said last night.

Rothmans also announced that it would end from December 31 the special "matched-deal" price promotions with retailers whereby a price cut by the manufacturer is equalled by the retailer.

The price rise means that a packet of Rothmans King Size, its top selling brand in the UK, will increase from 63p to 66p.

The increase is a result of dearer raw materials, manufacturing and packaging. Such cost pressures are likely to force the other main cigarette companies to raise prices shortly.

The earlier 6p for 20 increase followed the higher VAT announced in the Budget. This has already led to estimates in the trade that consumer demand for cigarettes has fallen by as much as 5 per cent.

Rothmans' decision to pull out of "matched-dealing" of price cuts follows moves made by Imperial Tobacco and Gallaher

to end this form of price promotion. Rothmans had delayed its decision to do so until the other manufacturers had stopped.

The general move to end "matched-dealing" and the decision to add 3p to the price of a packet of cigarettes, suggest that the fierce price war of the past three years may be drawing to an end.

The price war was sparked off by the change in duty structure for cigarettes, which meant that King Size became better value for money than smaller sizes.

As consumers switched to King Size, so the manufacturers embarked on heavy price-cutting to capture a slice of the fast-growing market.

The effect of the price war was to hit both manufacturers' and retailers' profit margins. Mr. Ray Higgs, Rothmans' UK marketing director, said last night that the price moves would "ease the pressure on trade margins."

Prices of Rothman's pipe tobacco will rise by an equivalent amount.

Tobacco feature, Page 15



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\*Subscriber Survey No 1: Don Powden Associates, 1979.  
†Editorial Content Analysis, The R. Russell Hall Co, Jan. 1978.

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# Levy on planning permits opposed by architects

BY ANDREW TAYLOR

THE ROYAL Institute of British Architects yesterday expressed concern over the Government's plan to introduce charges for processing planning applications.

It said that delays in processing applications were already proving costly to applicants and that charges would be a further burden. A system of charges would raise other problems.

Charges levied on smaller schemes might encourage applicants with only limited budgets to proceed without planning applications and the extra cost of policing these would be "wasteful and vexatious."

The institute stated: "Since 80 per cent of planning applications are for small works it would be better to greatly reduce the extent of planning control over such applications.

Local authorities would then have time for forward planning and the consideration of the larger industrial and commercial applications."

A charge based on the capital cost of projects would be reasonable if the planning service provided they should be only levied on those applications approved within the statutory eight-week period. If this were to happen charges could, in the long run, improve the performance of planning authorities."

It said that charges would not improve relations between local authorities and other public bodies and should not be introduced until the processing of planning applications was running more smoothly.



# Councils face curbs on direct labour

By Andrew Taylor

THE GOVERNMENT is to introduce legislation giving it the right to close down local authority direct labour organisations which have been "consistently unsuccessful".

A consultative paper outlining proposals for regulating the work of direct labour organisations was published yesterday. These proposals are expected to be included in the Local Government Bill due to be tabled this autumn.

Direct labour organisations are construction firms employed on a permanent basis by a local authority. The Government proposes that they should earn a rate of return equivalent to the average private sector rate. They would be expected to meet an initial target of a 5 per cent return on capital employed.

The consultative paper produced by the Department of Environment says that proposed legislation "would empower the Secretary of State to remove or curtail the powers of an authority to employ its own direct labour where it has shown itself to be consistently unsuccessful".

In addition the proposals include measures to ensure fairer competition between direct labour and private indus-

try for public construction contracts.

Under the proposals, local authorities working for outside bodies like water boards or on highway projects would be required to put all contracts worth more than £100,000 out for tender. Tenders would also be invited for all other projects above £50,000.

The Government is concerned that direct labour organisations should introduce charging, accounting and tendering procedures comparable with those operated by private industry.

## Competition

It says: "The full cost of the DLO operation must be reflected in the accounts and in the charges the organisation makes of its clients and the estimate it submits when bidding for work."

"This will not only ensure that competition is fair but will also help local authorities to assess clearly the balance of economic advantage between using contractors and using direct labour."

In many respects the proposed measures regulating the operations of direct labour are similar to those suggested by

the previous Government. However, Labour also proposed a broadening of direct labour activities which would have allowed them to carry out work for other local authorities and public bodies.

The latest proposals were welcomed by the private construction industry, which has campaigned for several years to curb the spread of direct labour operations and place them on a more competitive footing.

The building and civil engineering employers body stated last night: "We are sure that once the truth about DLO's frequent wastefulness and inefficiency does emerge the public will see that competitive private enterprise is a much more effective and much cheaper way of operating."

The industry regarded Labour's plans for widening direct labour operations as an attempt at "back-door" nationalisation of construction.

The Government said its proposals were based on recommendations contained in the Chartered Institute of Public and Accountancy report "Direct Labour Accounting". This was published in 1975 and accepted by both sides of the construction industry.

# Warning of rising price for glass containers

By Maurice Samuelson

A WARNING of higher prices for glass containers was given yesterday by United Glass, the UK's biggest container manufacturer, following a 50 per cent fall in its half yearly profits, which it blamed on the transport strikes at the beginning of the year.

The company would consider its prices in the light of the higher oil costs it was now facing. Mr. Vic Hender, managing director, said in London. The group's labour contract had still not been re-negotiated and prospects for the industry were "not very bright," he said.

Pre-tax profits in the first six months of 1979 were £3.3m, compared with £6m in the same period last year. Other glass manufacturers were similarly hit and continental companies had stepped up their exports of containers by 16 per cent, supplying more than 10 per cent of the UK market. The rise of sterling against other currencies had also made it harder to meet foreign competition in the UK and abroad.

Mr. Hender dismissed alarmist predictions about the industry's prospects. Opportunities were still good and the industry was more profitable than in several other European countries. Mr. John Small, who is due to succeed Mr. Hender as managing director at the end of the year, sounded a more cautious note and warned that any interruption of the packaging business, as had occurred this year, was of concern.

Mr. Hender dismissed alarmist predictions about the industry's prospects. Opportunities were still good and the industry was more profitable than in several other European countries. Mr. John Small, who is due to succeed Mr. Hender as managing director at the end of the year, sounded a more cautious note and warned that any interruption of the packaging business, as had occurred this year, was of concern.

## Plastic bottles

The area in which foreign competition had been repelled was in tableware, said Mr. Tony McBurnie, managing director of Ravenshead, UG's tableware division. The importers share of the British market had fallen from about 30 per cent a few years ago to below 20 per cent.

A jointly-owned subsidiary of Disillers Company and Owen Illinois, United Glass is continuing with its policy of re-investing all profits. This year's capital expenditure of £15m includes £6m on modernising and expansion of a furnace at its Paisley works, St. Helens.

Results Page 17

# Liverpool dock passage remains open

THE PASSAGE linking Nelson and Salisbury docks in the port of Liverpool is to remain open. An agreement between the Mersey Docks and Harbour Company and the Liverpool Shipowners' Association ends a four-month campaign by shippers and tug-boat owners to keep it in operation.

The docks company gave notice in spring that the passage would close at the beginning of July to save £160,000. Shipowners complained that operational difficulties and financial problems would be caused, particularly for small businesses.

Mersey Docks said they would have to meet the costs. The six main users agreed to pay £165,000 over three years, and the passage will be manned from 8 am to 4 pm Mondays to Fridays with additional hours available. Casual users will pay £20 per passage.

# Strong currency 'hits output'

By Peter Riddell, Economics Correspondent

COUNTRIES WITH strong currencies have experienced below average rates of inflation at the cost of depressed business conditions and sharp falls in employment, according to a Confederation of British Industry study.

The paper, written by Mr. Doug McWilliams of the CBI's Economic Co-operation and Development, looks at 16 to 17 per cent from 1973 to 1978, the net increases in output for Switzerland and West Germany were 2 to 3 per cent and 9 to 10 per cent respectively.

Whereas for industrialised countries as a whole—the 22 members of the Organisation for Economic Co-operation and Development—output rose by 16 to 17 per cent from 1973 to 1978, the net increases in output for Switzerland and West Germany were 2 to 3 per cent and 9 to 10 per cent respectively.

The paper notes that a strong currency has had similar effects in Switzerland and Germany. In both economies inflation has been reduced to below its average pre-1973 level and imports have grown rather faster than in most other countries. Consequently, output growth

since 1973 has been very weak in comparison both with before 1973 and with other industrialised economies.

The number of foreign workers in Switzerland fell by a quarter between 1973 and 1978, equivalent to nearly 7 per cent of the labour force.

The absence of large numbers of foreign workers in the UK could mean that the unemployment results of a strong currency could be much more significant than for Switzerland or West Germany, although the paper does not mention this.

The paper notes that in both economies the depressing effect of a strong currency on overseas trading and on investment has led to pressure for Government action to help industry, and there has been some response over the last year.

The most obvious effect of strong currencies has been on inflation rates. Consumer price inflation was 9.2 per cent in Switzerland in 1974 and 7 per cent in West Germany, compared with an OECD average of 13.6 per cent. By 1978 the rate had fallen to 1.1 per cent in Switzerland and to 2.6 per cent in West Germany, against an

OECD average of 4.9 per cent. In this way a strong currency sustains living standards and consumer spending at a higher level than otherwise.

"The reduction in inflation rates to below those in the rest of the OECD has probably been partly responsible for the continuing appreciation of the currencies, while the continuation of the appreciation has held down the rate of price inflation."

It is difficult to judge the extent to which the lower rates of inflation have been a cause or an effect of the strength of the currencies. However, since 1971 the appreciation of the exchange rates for both countries has been greater than would have been necessary merely to offset inflation differentials.

The paper notes that falls in employment have been matched by a sharp fall in industrial profitability in the two countries since 1973, which has been reflected in the investment performance.

Editorial Comment, Page 13

# Texas base for Hawker Siddeley

Financial Times Reporter

THE HAWKER Siddeley Group has set up a company in Houston, Texas, to act as base for the provision of engineering services in the electrical power industries throughout the world.

The company, HS Power Systems, will be particularly concerned with isolated electrical generating systems. These are usually used in developing countries, on offshore drilling and production facilities and in marine and industrial installations.

Hawker Siddeley says that the staff of the new company has more than 100 years of engineering experience between them and "can provide efficient, cost effective, and reliable systems where prime, standby or peaking power is required."

# Lingerie leads June wholesale textile sales

By David Churchill

WHOLESALE sales of women's underwear achieved the best sales performances of the textile trade in June, according to figures published yesterday by the Textile Distributors Association.

The figures show that sales of women's underwear to the trade increased by almost 32 per cent over the comparable figure for 1978. However, over the first six months of the year trade sales of women's underwear rose by only 6.7 per cent.

The leading textile sector over the first six months was women's knitted outerwear, blouses, and skirts, which showed a rise of almost 26 per cent.

# Waste-derived fuel plant launched

By Elaine Williams

BRITAIN'S first waste derived fuel plant, which turns domestic and industrial rubbish into fuel which can be burned in small industrial boilers, has begun work in Eastbourne.

It is being run by East Sussex County Council in conjunction with two private companies, Buhler-Miag and Asthall Holdings.

There is a lot of work to be done on waste-derived fuel, which is in the form of pellets, but the consortium believes the process will give fuel cheaper than coal.

Tests are being carried out by boiler owners and other consumers so the fuel can be produced in an acceptable form. About 75 per cent of all waste can be turned into a usable fuel. The equivalent of 1m tonnes of coal a year is being lost by not processing waste in this way.

Development work on the process started experimentally at

Buhler-Miag laboratories in Switzerland several years ago. The Eastbourne plant was commissioned two months ago.

Mrs. Pat Drake, chairman of the highways and transportation committee of East Sussex County Council, said: "The volume of waste left after waste-derived fuel processing will be cut by up to 75 per cent, with a consequent saving in transport costs."

Buhler-Miag says that several other pilot schemes are underway in Britain. However, the company would not say precisely how much cheaper the fuel is compared with coal, although figures of up to 50 per cent have been given under some circumstances.

Finance for the Eastbourne project has been provided by the International Energy Bank, which takes an active interest in alternative energy sources and particularly the recycling of waste.

# Paisley party denies independence swing

By Stewart Dalby in Dublin

ALLEGATIONS that the Rev. Ian Paisley wants his Democratic Unionist Party to support independence for Northern Ireland were strongly denied yesterday by Mr. Peter Robinson, the general secretary of the party.

The statement was made in an issue of a publication by Official Unionist MPs at Westminster. It said that Mr. Paisley wanted to lead the party toward independence for Northern Ireland, and also planned another General Strike there.

Mr. Robinson, Westminster

MP for East Belfast, described the allegations as "tripe." He said that the document was "scaremongering," and that it was "typical" that the report was leaked while Mr. Paisley was on holiday in Scotland.

The Official Unionists won five seats in the General Election, against seven in the previous Parliament. The Democratic Unionists have three seats.

Mr. Paisley scored a victory in European Parliament elections on June 7.

# Airline managers' action group

By Michael Donne, Aerospace Correspondent

BRITISH CALEDONIAN, the independent airline, has reorganised part of its top management to meet what it believes could be tougher times ahead.

Mr. Alastair Pugh, managing director, says the world-wide air transport industry faces tough problems from rising costs, especially fuel—now nearly double the price of a year ago.

"Since air transport prices

must rise as a result, traffic growth is likely to slow down."

The organisational changes are designed to enable British Caledonian to be prepared for the management of the recession period, and simultaneously to take full advantage of the opportunities for growth that lie beyond.

A top-level action group, attached to the managing director's office, has been formed to make quick responses to changing circum-

stances—such as sudden fuel shortages or sharp price rises.

This group will include Mr. Colin Smith and Mr. J. M. Sibley, both directors of British Caledonian, and Mr. Michael Carter, director of corporate strategy.

Other changes include extending executive's development scheme, to turn it into the main system for training and developing future managers.

# Record £5bn holiday spending

Financial Times Reporter

BRITISH HOLIDAYMAKERS spent a record £5.175bn last year, of which an all-time high of £3.1bn was spent in England, Scotland and Wales, according to a survey published today.

The National Opinion Poll survey was commissioned by British Tourist Authority and the regional tourist boards. Britons took 119m holidays, covering 550m days, in their

own country, only just below the 1977 Jubilee year level.

The West Country again took the largest share of tourism, unchanged since 1977 at 13 per cent of all destinations, followed by East Anglia at 7 per cent.

On holidays abroad, the British increased their spending. The average spent daily rose by more than £2 to a host total spending by 38 per cent to £2,075ba. Days spent

overseas increased by 18 per cent to 135m.

Overall, the holiday market increased by 3 per cent. Holidays of at least four nights rose 4 per cent over 1977 to 465m days. Shorter holidays declined by 9 per cent to 60m days.

The total increase was counterbalanced by an 11 per cent drop in business and conference trips, and a 6 per cent decline in visits to friends and relatives.

# London Co-ops to drop stamps

By David Churchill, Consumer Affairs Correspondent

THE LONDON Co-Operative Society is to cease giving dividend stamps with groceries in several of its food stores and concentrate on substantial price cuts.

The move is part of its plan to boost trading volume following a poor performance last year. Turnover in the year ending January this year was up by only 3.5 per cent to £215m. Allowing for inflation, this meant a decline in real terms. The poor trading led to a £1.8m trade loss.

Mr. Alexander Balfour resigned as chief executive in May this year and was replaced by Mr. Frank Doherty, who remained chief executive of the Nottinghamian society.

The first London store to drop stamps on food and concentrate on price cuts has already come into operation at Hounslow. Re-named a Co-op Pricefighter store, it has trebled its turn-

over in the first few weeks of operation.

About 12 large co-op stores are due to be converted into Pricefighter stores by next spring.

The practice of dropping stamps in some stores and concentrating on price cuts has already been carried out successfully by the Nottinghamian society over the past two years. Mr. Doherty decided the same formula could also help London achieve more trade.

The London society also plans to start work on its first superstore

in the near future, although the site has not been revealed.

The main problem facing the London society in recent years has been the large number—about 1,600—of small stores affected by fierce competition from the supermarket multiples.

As part of the reorganisation the society has sold the Hotel New Ambassadors in London for an undisclosed amount. It has decided that the hotel, which had a turnover of £4m last year, does not fit in with its main retailing interests.

# Greenfly by the ton in plague

When the greenfly plague reached its height this summer there were 14m greenfly for every man, woman and child in the country, and their combined weight ran to thousands of tons, according to scientists at Cranfield Institute of Technology.

Wheat fields were infested with 400m of the insects to the acre.

The scientists derived their figures by using converted radar transmitters to track the pests.

Although each insect is only one-tenth of an inch long and 15,000 make up an ounce, the total weight of the 800,000m or so at the peak of the plague was 200,000 tons.

They sucked their own weight in vital plant juices every day. Fortunately, the scientists point out, the plague came after the flowering stage of crops so they fed off green leaves rather than the crop itself.

# Heseltine blocks new homes plan

Financial Times Reporter

THE GOVERNMENT has refused four London boroughs borrowing approval for proposed high-cost council housing schemes.

The projects, proposed by Hammersmith, Kensington and Chelsea, Camden, and Islington, would have provided more than 250 new homes in central London. The Department of the Environment has blocked them because of the costs involved.

The homes would have cost between £33,000 and £40,000 to build.

Mr. Michael Heseltine, Environment Secretary, says in a letter to the authorities concerned that there should be a "reasonable limit" to the cost of public-sector housing even in areas of housing stress. He suggests that councils should look very carefully at "alternative uses" for expensive sites and more effective ways of employing public-sector housing resources.

## OTHER MEN'S JOBS: CLOG-MAKING

# Traditional Cumbrian craft revived

JOSEPH STRONG might well have followed his first inclination and become a joiner, but for an aversion to heights. After deciding that work on roofs and other jobs high up were not for him, however, he chose another and just as satisfying career in woodworking—the ancient northern craft of clog-making.

That was more than 30 years ago when the small town of Caldbeck in Cumbria hosted no fewer than three clogmakers and every working man and woman in the area was shod in a pair of wooden-soled shoes. For the hard work of that time, clogs were the most sensible footwear combining the virtues of being warm, waterproof and hardwearing. These qualities were needed equally in wet textile mills, coal mines, quarries and on farms.

Working conditions have changed since then and with them the demand for clogs. Most of Caldbeck now wears shoes and Mr. Strong sells and repairs them alongside clogs.

But clog-wearing has not died out. Indeed, after reaching a low some years ago, it is now benefiting from the general revival of interest in crafts. For the past seven years Mr. Strong has been joined in his business by his son—the fifth generation

of Strongs to bear the name Joseph. So for another generation at least the craft will survive in the area.

Mr. Strong senior learnt his expertise as a boy watching the local men and later working with them and in the clog factory which the Co-operative Wholesale Society used to run at Penrith.

He ventured into business on his own in 1948, when town like Caldbeck were still largely isolated and self-sufficient. "There used to be half a dozen pubs, two tailors, a brewery, a paper mill, a factory making tweeds and blankets, and a yarn spinning mill," Mr. Strong recounts.

The area was also full of mines working a variety of different minerals, and the building which now houses his shop was once a restful workmen's hall where farmworkers and miners would pass the evening playing dominoes and talking.

Children, too, all wore clogs in those days and on Saturday morning the shop would ring out to the voices as they waited to have the caulkers—the steel horse-shoe on the sole—replaced. Filled down, a caulkers was ideal for sliding on, most children snored discovered.

Present-day Caldbeck is very different, though it has clearly lost none of its attractiveness. The population has halved and industry has dispersed while the solid stone-built cottages now accommodate a few commuters and second home owners. The town is just outside the Lake District touring routes although in summer

there is a steady trickle of tourists, drawn mainly to see the grave of John Peel, the Cumbrian huntsman made famous in song.

Tourists now provide one of Mr. Strong's sources of business, some calling directly at his shop or at the old smithy opposite, which, in its new incarnation as a gift shop, sells the occasional pair.

Just as custom has changed, however, so too has the process of making clogs. When Mr. Strong started, he used to cut out both the leather sole and the stiff leather upper with specially designed tools.

The wood and leather components are now bought machine-made and fitted together. The leather has to sit in a groove running around the sole, a strip of wetting is then added, and finally nailed down all around. The caulkers, traditionally made of steel but now frequently rubber, is then added to the sole, with a toe plate as well to help hold the clog together.

The machine-made components suffice for the most popular types of clog and a pair can be put together in perhaps an hour and a half to suit at around £12-£16. Other types no longer much in demand have to be made bespoke, which takes as much as a day.

On the wall of the workshop is a well-punctured darts board festively, as does a cabinet of cups in his house, to one of Mr. Strong's passions. Plenty of practice between keeping Caldbeck well-shod has taken him to local and regional darts championships in Carlisle and Newcastle.



The Strongs of Caldbeck show they can make clogs to fit gaints and dwarfs.

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# Stewards urged to seek control over automation

BY CHRISTIAN TYLER, LABOUR EDITOR

SHOP-STEWARDS and union leaders are being urged by the TUC to strengthen their collective bargaining to give workers some control over company plans for automation. The TUC yesterday published a list of demands that unions should consider when negotiating "new technology agreements," along with its final report to the annual Trades Union Congress next month on the employment consequences of the microelectronic revolution.

Mr. Len Murray, TUC general secretary, says in a forward to the report that the question for the unions is not just whether to accept or fight new technology which he calls one of the greatest challenges facing society.

The issue was how the benefits could be equitably shared and the costs minimised. "We have to ensure that, unlike the first industrial revolution,

this second revolution now upon us will not trample underfoot the welfare and interests of those directly affected in the process of change."

The TUC's checklist deals with union organisation, company information, output and manning objectives, retaining shorter hours, distribution of the benefits, safeguards against "supervision by machine," health and safety, and procedures for review.

Its report dwells on the need for more, not less, Government involvement in industrial planning and more growth in the economy to create consumer demand for the goods and services that machine productivity can yield.

It says overall employment effects are difficult to measure, but says that women workers will be the prime casualties of electronic processes.

Unions are encouraged to prompt firms into developing

new products and pursuing new markets so that automation is accompanied by an increase, not a cut, in numbers employed.

The main principles recommended to negotiators are that change must be by agreement, and unions consulted before new equipment is even bought. Unions should make "more vigorous use" of status quo clauses in the short term to impress on employers the need for consultation.

They should decide what they want—whether it is more jobs, or shorter hours, for instance—before it is too late to alter plans.

The TUC is concerned to stop union in-fighting as old demarcation lines are blurred by new processes.

It says a no-redundancy guarantee should be sought, and that even natural wastage should be treated warily since that "redistributes" unemployment to the first-time job seeker.

## Court clerks may strike

By Our Labour Staff

MAGISTRATES COURTS outside London face lightning strikes on Thursday and a work-to-rule by 4,500 members of the Association of Magisterial Officers.

The association has selected courts for strikes including some in several large cities. A national overtime ban and a series of sanctions will be imposed.

Though 1,500 magistrates' court staff are not in the association, it believes the action will soon have a crippling effect on court administration.

Court staff plan to withdraw goodwill; not hand over files to the Treasury; give no help with inquiries by police, members of the legal profession and the public; not sit in court for longer than three hours at a time; undertake no weekend or bank holiday work; and not deal with documents such as legal aid applications that contain mistakes.

## Reference

Mr. T. Gwyn Davies, chairman of the staff side of the joint negotiating council, said there had been no response from the local authorities and magistrates' side to the association's plea for a stage settlement.

It wanted 12 per cent paid now, 5 per cent in October, and a reference to the Clegg Commission on comparability, the findings to be implemented from November 1.

The court staff have been offered a deal worth 12 per cent and a reference to Clegg, findings to be paid from January 1980. The deal includes 9.4 per cent new money and 2.6 per cent from restructuring.

The present annual wage range for court staff outside London is from £1,821 to £2,034. The association is particularly keen on getting salary restructuring, for which it has pressed since 1971.

Many court staff are annoyed at the size of their incomes compared with those of the police.

Immediate strike action in London magistrates' courts was discussed yesterday at a mass meeting of nearly 500 administrative staff at Cannon Hall, Westminster.

Mr. Bernard Studd, Society of Civil and Public Servants' national officer, said: "We were expecting to meet the Home Office by today. Instead they said they saw no point in a meeting as they had nothing to tell us."

## Reform policy 'cowboys' code

GOVERNMENT policy on trade union reform was described by a leading union official yesterday as "an industrial cowboys' charter." The criticism came from Mr. Alan Sapper, general secretary of ACTT, the film and television workers' union.

Speaking on BBC Radio, Mr. Sapper accused the Government of stepping outside its mandate from the electorate.

"What the Tories want to do is to make trade unionists totally liable in law for anything they do in the proper pursuance of their democratic rights," he said.

## Talks on future of Ferranti plant

BY OUR OWN CORRESPONDENT

DISCUSSIONS ON the future of Ferranti's transformer manufacturing plant at Hollinwood near Oldham, Lancashire, are taking place with shop stewards.

The Ferranti group was rescued in 1975 by a £15m capital injection by the Labour government. The National Enterprise Board retains a 50 per cent share of the company.

Management and union officials were reluctant to comment yesterday, but it is understood that about 300 of the 950 jobs at the plant are under threat.

## Industrial civil servants plan action

BY GARETH GRIFFITHS, LABOUR STAFF

INDUSTRIAL civil servants at the Ministry of Defence are to take selective strike action to put pressure on the Government over the staging of their wage agreement.

Among the targets for their action in 10 days time are RAF Strike and Support Command, Royal Naval dockyards, Royal Ordnance factories and the Polaris submarine bases. The unions have also told their members to draw up local plans.

The call came yesterday from a joint trade union meeting of negotiators. The recommendations to their various union executives are almost certain to be passed. Last year, the industrial civil servants' action affected the country's nuclear submarine capability.

## Phone staff return but bills may take months

BY OUR LABOUR STAFF

POST OFFICE telecommunications staff, members of the Civil and Public Services Association, went back to work yesterday after 15 weeks of industrial action with a pay deal worth on average 16 per cent.

But customers could still wait months before getting their bills. Miss Jeanne Drake, CPSA assistant group secretary, said the association still has to negotiate with the Post Office on how to deal with the backlog.

She said it would take four or five weeks after an agreement was reached to start the billing process. This could not be completed until early next year.

About 38,000 staff are covered by the CPSA agreement. The vote in favour of a return to work was 19,195 to 6,980, nearly three to one: CPSA members, however, will not cover the work of Society of Civil and Public Servants members who operate computer centres at Harmondsworth and Leeds.

The agreement adds 9 per cent to basic pay backdated to

April 1. There are also efficiency-related increases from July 1. The settlement is in line with the Post Office engineers' deal reached last month.

The Post Office said existing staff productivity arrangements covered by the deal will cease. There will be early talks on introducing a new productivity scheme to start next April. An unconsolidated bonus of 2 per cent will be paid in two equal instalments in December and April, 1980.

Mr. John Raymond, CPSA assistant general secretary, said it would take a long time for things to return to normal. The Post Office's delay in settling the pay deal had produced bitterness and anger which would take a long time to heal, he said.

Returning CPSA members were not able to work properly yesterday because supervisors and key technical staff, SCPS members, were still on strike after 19 weeks.

## Home Office asked to set up ITV peace talks

BY OUR LABOUR STAFF

THE HOME OFFICE is being asked to set up a "peace conference" between the independent television companies and the three unions involved in the five-week-long dispute.

Mr. Jack Wilson, general secretary of the National Association of Theatrical, Television and Kine Employees made the request yesterday. He said Mr. William Whitelaw, the Home Secretary, was responsible for the Independent Broadcasting Authority and the network. The dispute would be prolonged unless there was a meeting.

The result of the strike ballot among the union's 7,000 members in ITV is expected today. There were reports of a low turnout of members at some of the smaller stations. The union's national negotiators recommended a strike on Thursday and two of the larger companies' branches, Yorkshire and Granada, voted in favour. Independent television sta-

tions, except Channell, have been off the air for 11 days after a strike by the Association of Cinematograph, Television and Allied Trades. The companies say they are prepared for the blackout to go on for four or five weeks as advertising revenue is slack during August and the dispute has cut their costs by half.

NATKE, ACTT and the Electrical and Plumbing Trades Union want a settlement worth about 25 per cent. The companies have offered 15 per cent and arbitration on craftsmen's differentials. They have also postponed for the second time a lockout of members of the three unions in order to allow time for the NATKE strike ballot to be held. The lockout deadline is now Wednesday morning.

The Federation of Broadcasting Unions is to meet on Wednesday to discuss the deadlock.

# SIEMENS

## Information for Siemens shareholders

# Orders up in all sectors

In all seven Siemens Groups, new orders received during the first nine months of the current financial year, i.e. from October 1, 1978 to June 30, 1979, surpassed those for the same period of the preceding year. Total orders in the amount of £ 5,496 m were received, reflecting a 6% rise. In the German domestic market, where the economy continued to pick up, new orders attained £ 2,666 m, an increase of 11%. Orders from abroad rose 2% over last year's volume, reaching £ 2,830 m. Data and Information Systems led the Groups with a 25% increase in orders, while Components ran a close second with a 20% improvement. Power Engineering, the largest Group, received 11% more orders.

The only Siemens Company that did not quite reach last year's order levels was Kraftwerk Union (KWU). If this company's figures are discounted, the increase in orders received by Siemens rises to 8%.

In £ m	1/10/77 to 30/6/78	1/10/78 to 30/6/79	Change Siemens	Change excl. KWU
Orders received	5,174	5,496	+ 6%	+ 8%
Domestic business	2,366	2,666	+ 11%	+ 10%
International business	2,808	2,830	+ 2%	+ 6%
Sales	4,952	4,921	- 1%	+ 5%
Domestic business	2,359	2,402	+ 1%	+ 4%
International business	2,623	2,519	- 3%	+ 5%

In £ m	30/9/78	30/6/79	Change Siemens	Change excl. KWU
Orders in hand	10,554	13,340	+ 14%	+ 10%
Inventory	3,003	3,460	+ 15%	+ 13%

At £ 4,921 m, Siemens' third-quarter sales nearly matched last year's figure of £ 4,982 m. Domestic business increased 1% to £ 2,402 m; international business attained £ 2,519 m as against £ 2,623 m a year ago. Total sales, excluding Kraftwerk Union, rose 5% as anticipated. Higher than anticipated sales were recorded by the Data and Information Systems Group and the Components Group.

The slight improvement in the order situation resulted in a 15% rise in inventory to £ 3,460 m as against £ 3,003 m on September 30, 1978, the end of the last financial year.

In thousands	30/9/78	30/6/79	Change
Employees	322	324	+ 1%
Domestic operations	223	224	+ 1%
International operations	99	100	+ 1%

	1/10/77 to 30/6/78	1/10/78 to 30/6/79	Change
Average number of employees in thousands	317	324	+ 2%
Employment costs in £ m	2,146	2,317	+ 8%

New employees joined Siemens in several sectors, increasing total employment by 1% from 322,000 at the beginning of the financial year to 324,000 at the end of the third quarter. This represents an expansion of the Siemens work forces in Germany and abroad by 1,000 each, bringing the number of employees working in Germany to 224,000, and in other countries to 100,000.

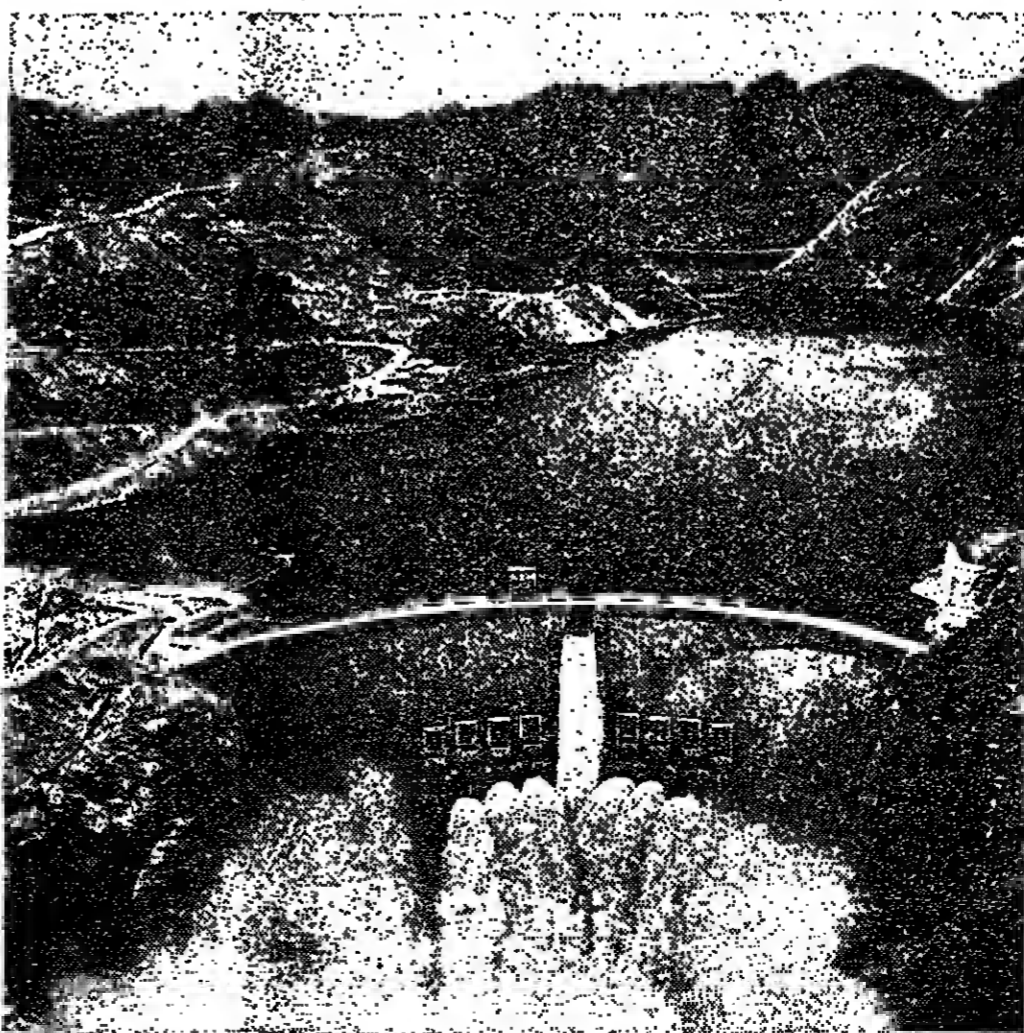
During the first nine months of the current year, Siemens employed an average total of 324,000 people as compared with 317,000 for the same period in 1978 — a 2% increase. Employment costs were £ 2,317 m, 8% higher than last year.

In £ m	1/10/77 to 30/6/78	1/10/78 to 30/6/79	Change
Capital expenditure and investment	228	253	+ 11%
Net income after taxes	107	109	+ 2%
In % of sales	2.2	2.2	

As planned, capital expenditure and investment was greater than last year; increased outlays for fixed assets and several acquisitions during the first three quarters of the year brought total capital spending up 11% to £ 253 m.

Despite book losses in fixed-income securities caused by a general decline in market value, net income after taxes reached £ 109 m, nearly equalling last year's £ 107 m. As in the preceding year, this represents 2.2% of sales.

All amounts translated at Frankfurt middle rate on June 29, 1979: £ 1 = DM 4.005.



### More energy from water power

After nearly ten years in construction, Africa's largest hydroelectric plant, Cabora Bessa, has been completed by a consortium of 16 firms, including Siemens. Its five generators, with a total output of 2000 MW, are capable of delivering more power than required by a city of a million or more inhabitants. Siemens is currently collaborating in the construction of major hydroelectric facilities in Africa and South America. The increasing shortage and cost of energy worldwide could well lead to increased exploitation of water power reserves.

**Siemens AG** In Great Britain: Siemens Ltd.



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOLETERS

## IN THE OFFICE

### Print work produced at lower cost

PRINTING EQUIPMENT for the office, claimed to make substantial reductions in the cost of 10-house print work, is to be launched by Roneo Vickers on September 1.

Roneofax is designed for users who require more than a single copier or duplicator, but whose needs do not warrant a large-scale offset system. It is built up from two new Roneo machines: a stencil duplicator (the 770), working in combination with the 370 line scanner and it will produce copies in a single colour or combination of colours.

Operation, says Roneo, is simple. With the scanner, all that is required is for the

operator to adjust a control which, when a light flashes on, determines the correct light meter level to get best results from the original. Masters can be produced on average in under five minutes. The scanner will undertake any type of line work and can also make offset plates.

The 770 is a middle-range duplicator capable of producing a handful of copies or several thousand a month. Copy speed is variable between 40-130 per minute and the machine accepts paper sizes from 7.6 cm x 12.7 cm up to 26.4 cm x 40 cm.

Roneo Vickers, Reprographics Division, POB3, Romford, Essex RM1 2AR. 70 46000.

### Protects the records

IRREPLACEABLE BUSINESS material which would previously have been deemed inside other steel cabinets during a fire outbreak are now fully protected from this hazard with insulated cabinets which defy extremely high temperatures far in excess of the mere 350 deg. F needed to char paper, says Cave Tab, 5 Tenter Road, Moulton Park, Northampton (0604 43125).

Conventional files offer no protection but actually conduct heat to their contents, says the company, but the Diebold insulated file has been subjected to three strenuous processes: a fire endurance test up to 1700 deg. F for one hour; an explosive hazard test; and a fire/impact test (on the Deluxe file only)—heated up to 1350 deg. F, dropped from a height, then re-beated.

## HYGIENE

### Catches the pests

DESIGNED FOR industrial applications is a range of ultra-violet pest control light traps available from the Wellcome Foundation, Pesticides Division, Crewe Hall, Crewe, Cheshire (0270 638151).

Covering areas from 1,000 to 3,000 square feet, the models are called Insectash and are suggested for use in food factories, abattoirs, and throughout the meat trade where conventional spraying methods do not provide the complete answer.

Flying insects are attracted to the ultra-violet light on to electrified grids where their bodies are caught in special easy-to-clean catchtraps.

By means of a new trigger mechanism, the machine automatically switches itself off as an additional safety measure when the trays are removed. The unit is said to cost as

little as 25 pence a week to operate and its solid state circuitry provides dependable round-the-clock protection.

## MATERIALS

### Synthetic paper

SAID TO be suitable for all types of foil laminating processes normally using PVC is a synthetic paper introduced by Dai Nippon to the UK via Riverlock Fishling Systems, Moneyrow Green, Holport, Maidenhead, Berks (0263 37648).

A highly plasticised paper with a thickness of 0.68 mm, it is relatively waterproof and can be used in conjunction with standard types of pva glue.

## DESIGN

### Data sent where it is needed

COMPETITION in the electrical and electronic engineering world is tough and time-scales are rigid. It is thus not surprising that the major British company in these areas should be making use of one of the most powerful tools placed at the disposal of the engineer—computer-aided design (CAD).

What is surprising, however, is the extent to which GEC group companies have adopted CAD and analogous technologies with relatively little in the way of formal statements of purpose so far.

Some 31 companies have between them bought about 56m worth of equipment to date, primarily from ComputerVision and Quest Automation, but also from Calma, Applix, Tektronix and the in-house CAD arm of GEC Computers.

Such is the advantage of CAD in the drawing office and in manufacturing that it can only be a matter of time before many more group companies install and operate their own CAD machinery and the total spend on this area of computing could be multiplied by a large factor. At the same time, commercial data processing equipment is being employed for production scheduling and manufacturing control.

There is, clearly, scope for a large amount of duplication, both of data storage and of data capture. The first is very expensive, the second a prime source of mistakes as well as being even more expensive.

Yet many of the facts fed into a computer during the design and manufacturing processes are essential to activities outside this area.

## DATA PROCESSING

### Computer systems costs cut

REDUCING THE price of additional memory by 53 per cent per megabyte, and handling several software products into the standard HP business computer package at no extra charge, has resulted in reductions of 12 to 15 per cent in the price of HP 3000 and HP 300 computer systems in typical delivered layouts. The largest systems are reduced even further.



A draughting workstation at GEC—General Signal's works at Borehamwood, Herts.

Because of these considerations, GEC-Marconi is looking at the task of linking together the processes of engineering, design and manufacture by means of an engineering data base.

Objective is to ensure that once information is correctly entered into a computer, it is automatically made available in subsequent processes without any need for further manual re-entry. At the same time, all past work is being made available to the designer for reference.

Discussions are also in progress as to how banks of information

such as those on component performance can be held ready for access from several centres—in avionics or radar—which need them all the time. There is obviously scope for sharing, but the essence of any such system must be ease of access and the problem is not so much one of computing as of establishing a powerful, high capacity communications network.

An immediate advantage of the database is that in companies like Marconi, continually carrying out complex system contracts, it will no longer be possible that staff working on one section of the contract

should be operating on an out-of-date drawing or specification. Authorised alterations are immediate and general and can be drawn to the attention of other groups.

The system will be based on commercially-available machines and software packages. But there will be software specially written and specific procedures and practices developed to enable all the activities inherent in designing, bidding and executing to be linked. But it will be flexible enough to allow individual companies within a group to develop their own methods for particular stages of the engineering process, which will fit into the overall approach.

Because tolerances differ according to the application of a specific component within the same group, this will have to be allowed for. Companies will be able to start using various parts of the system to meet urgent needs and then expand step by step into the whole array of aids.

Main elements in the system as it now exists are ComputerVision graphics workstations, IBM main computers and GEC 4080 machines. Basic software for draughting is part of the first company's package, cover-

ing mechanical design, electrical layout and pattern formation on printed circuit boards. The design equipment talks to the IBM machine so that engineering design packages for structural analysis (Nastran) or for the automatic production of numerical control tapes (APT) can be drawn upon. Design data thus derived is used by the large machine to feed its production control and purchasing routines.

Four ComputerVision systems have been set up within Marconi to date—at Marconi Research, Great Baddow, where it is shared by the team developing the integrated system and the mechanical draughting group; Marconi Radar, Leicester; GEC General Signal for electrical layouts and at Marconi Italiana, for printed circuit board design.

Two more large installations are on order for Marconi companies and a further three for GEC units.

All these and the 31 systems already at work will be involved in limited sections of the design task and it is the aim of the Computer Assisted Engineering Project at Great Baddow to see that computer aid is extended to all aspects of the design and production procedure.

## POLLUTION

### Takes mist from fumes

GRP mist eliminator blades by Rigidon (UK) have extended the temperature limits for moisture removal from exhaust emissions up to 250°F (121°C). The blades are made from high-corrosion-resistant resin which can withstand attack from a variety of residual fumes in the exhaust. They are ideally suited for use on gas desulphurisation plants, sulphur dioxide fume scrubbers and other highly demanding applications.

Designed for moisture elimination in industrial air-conditioning systems, air pollution control equipment, process equipment and ventilating systems, they consist of blade assemblies within a housing, usually made of the same material, which can be connected directly into a duct system or on the outlet from a piece of equipment.

Efficiency is very high, both on moisture removal—100 per cent on all droplets of 50 microns or larger—and power consumption because of low-pressure drop through the blades.

Assemblies are lightweight, making installation easy and inexpensive—usually without additional support. Maintenance is also minimised both by the nature of the material and the design which does not require drilled holes or fasteners to fix the blades in position.

In addition to GRP many other materials are available. Rigidon (UK), Hucclecote, Gloucester. 0452 69181.

## INSTRUMENTS

### Measures flow of liquids

PARTICULARLY suitable for the water industry—for waste water and for water-borne slurries—are TURBO meters with mechanical registers, providing an accuracy within  $\pm 1\frac{1}{2}$  per cent, says Westcon Instrumentation System (Int'l), Binary House, Park Road, Barnet, Herts. (01-440 7161).

No larger than conventional turbine meters, these direct reading instruments have the advantage of a direct reading mechanical register, or can be provided with an electrical pulse output.

Magnetic coupling of the vanes to the register reduces maintenance problems to a minimum, and the rotor and head assembly can be readily removed for servicing without disconnecting the meter from the line.

Straight-through flow design, together with the built-in straightening vanes, and nose cone at the inlet side, enable operation at a higher than usual continuous flow rate, says the company, and also minimises the need for upstream straight pipework.

The meter can also handle some viscous liquids and are available in four sizes, suitable for flows ranging from 6-1,600 imperial gallons a minute, and four different housing materials for measuring a wide variety of chemical solutions, oils, water and food ingredients at temperatures up to 250 degrees F. Repeatability is within  $\pm 0.5$  per cent.

## TEXTILES

### No dropped stitches

ELECTROLUX SUBSIDIARY, Husqvarna, has announced a computerised sewing machine for home use.

## HANDLING

### Hoist needs less headroom

ZENITH Ultra Low Headroom (ULE) chain blocks offer savings when designed into new installations and considerable advantages where shortage of headroom is a serious problem. The latter of these two advantages is the one which would seem, at first glance, to be the most important.

Many existing hoisting applications have headrooms based on an original specification. As production methods change, components or loads often become larger, thus hoists have difficulty in lifting them to the required height. The new design of the Zenith ULE provides extra inches, and in some cases feet, to enable such problems to be overcome.

The average headroom dimension of a typical 10,000 kg (10 tons) travelling chain block is 800 mm to 900 mm. The Zenith ULE equivalent is 365 mm, a saving of over 50 per cent.

As well as general industry, the new range should have many applications in ships and offshore oil rigs where space is at a premium. As building costs increase, the oil rig modules and below-decks areas of ships have to be decreased in size. A typical saving in headroom of 524 mm (20 in) to 10 in hoist can make a valuable contribution to the efficiency of such areas.

John Barnley and Sons, Overland Road, Cradley Heath, Warley, 0384 66884.

## PROCESSING

### Welds many materials

RAPID REPAIR process which is said to make it possible to cold weld practically all materials is called Durmetal and has been developed by Velodur Chemical AG, Baarerstrasse 38, Postfach 25, CH-6301 Zug.

Process is based on the molecular reaction between two paste-like elements—the base and the activator—each of which contains, in addition to different molecular substances, a high percentage of specially selected steel and other light metal particles.

When base and activator are mixed, they combine into macro-molecular chains which are said to form a completely new, durable and highly resistant metallic material.

Molecular reactions take three to four hours for the 'standard' product and three to four minutes only for the 'rapid' product, which makes it possible to carry out repairs on pipes and tanks that are under pressure or contain explosive substances. As a result, in most cases, the company says an installation can be repaired without having to put it out of operation.

Process, all of whose elements (base, activator, detergent, etc.) are packed in a small easy to carry case, also makes it possible to repair parts or materials (engine blocks, or special alloys; for example) not suitable for gluing or welding by traditional processes.



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## COMPONENTS

### Hoses will resist solvents

THREE TYPES of hose for various applications in the industrial finishing field are on offer from Exit Industrial Products.

All three combine high degrees of resistance to chemical, abrasion and vibration and are coated with a particularly tough formulation withstanding ultraviolet irradiation.

The polyester hose for static and dynamic use retains high flexibility and is resistant to practically every solvent with the exception of chlorinated products. High tensile carbon steel, brass-plated is specified for both single and double wire-braided hose.

Static hose would be used for piston pump applications and dynamic hose for diaphragm membrane uses where pulsation does have to be taken into account.

Static grade is for use in the temperature range minus 40 to plus 120 degrees C in internal diameters 1/2, 3/4 and 1 inch. Dynamic grade runs from minus 40 to plus 90 degrees C in internal diameters 1/2 and 3/4 inch only.

Polyamide II hose is similar to the previous one but superior for all chlorinated solvents. But when used with these in particular the plasticiser will migrate making the hose very stiff after a short time. It is suitable for applications and internal diameters 1/2, 3/4 and 1 inch.

Working range is from minus 40 to plus 120 C and the same hose sizes are available as in the preceding grade.

More from Exit Industrial Products, 11 Abbey Hill, Kenilworth, Warwickshire. 0226 59418.

### Fish hooks in Durham

WORLD'S LARGEST fish hook maker, O. Mustad and Son A/S, is moving its packing and distribution of fish hooks from Gjøvik in southern Norway to Peterloo in County Durham.

One of the main reasons for this decision is the availability of good labour at a lower cost than in Norway, says the company. Also, Durham is geographically convenient for the centre of worldwide sales production and distribution.

The factory, on Peterloo's northern industrial estate, will initially employ 40 people and open in October.

Further from Fred McClenaghan, Peterloo Development Corporation. (0783-863366).

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

GKN prepares for a major assault on U.S. market

BY KENNETH GOODING



Dr. Philip Vrzal, president and chief executive officer, GKN Automotive Components Inc.

THE letters "GKN" in steel four feet high sunk into a granite slab stand on the lawn outside the new headquarters of GKN Automotive Components Inc. at Southfield, one of Detroit's more salubrious suburbs. The message conveyed by the ostentatious sign is "We are here to stay."

It is an auspicious message. The headquarters of GKN Incorporated was opened less than a year ago, in October 1978, but already the U.S. subsidiary of Guest Keen and Nettlefolds, Britain's largest engineering group, has committed heavy expenditure to its move into America.

Speed of action is essential. Government regulations will result in U.S. automotive companies having to replace almost every car in their fleets by the mid-1980s. So they are now wide open to accept new ideas, new (to the U.S.) technology for the smaller, less-thirsty, safer vehicles they will produce. Any organisation wanting a piece of the action must be ready to take the opportunity now.

GKN gets its chance because of its dominant position in the world manufacture of constant velocity joints (CVJs), key components in the transmission of power from the engine to the wheels of front-wheel-drive cars. The engineering problem with such cars is to contain the power and transmission parts in the confined space of the bonnet

while still being able to transmit the required amount of power. Once this is solved, there is much more room in the passenger compartment so cars can be made smaller and lighter without losing passenger comfort.

In the past only one in 100 U.S. cars was front-wheel-drive; but GKN estimates that that number will reach more than half by 1985. And with 14m cars taking to the road for the first time every year in the States, that represents a huge chunk of potential business.

Among the world manufacturers outside North America, PSA Peugeot Citroen via its Citroen subsidiary makes CVJs using its own technology while in the U.S. General Motors has developed its own CVJ technology based on GKN licences. However, in all, GKN reckons that it directly supplies 34 per cent and, together with its licensee, it supplies 95 per cent of the CVJs produced in the world.

To retain anything like that market penetration it must take advantage of the changes shaking the U.S. industry.

Double-quick In its quest to reach that level GKN Inc. was able to put together a management team in double-quick time. It is headed by Dr. Philip Vrzal, president and chief executive officer. Dr. Vrzal joined GKN Inc. from the Bendix automotive components division where he was director of business development. Previously, he was with Chrysler. The rest of the team follows a broadly similar pattern. In the main they are men in their late 30s or early 40s but with at least 15 years' experience in the automotive industry. And of the

The fourth article in a series on the concept of a world car turns to the component suppliers and looks at how the biggest of Britain's engineering companies is investing heavily in its attempt to carve itself a major slice of the U.S. market



seven executive directors of GKN Inc. only two are from the UK. Dr. Vrzal says he wanted "multi-faceted" executives, those with more than one area of ability. And for as long as possible I want to keep them wearing various 'hats'. You can always grow as an organisation but it is much more difficult to slim down again.

The U.S. move represents another aspect of GKN's determination to become "world components supplier" as the era of the "world car" develops through the 1980s. GKN believes that the world components industry will split along product lines—one company will dominate the supply of one particular product—and has structured itself to take advantage of this.

The GKN drive-shaft manufacturing companies (GVJs) are part of the drive-shaft division of GKN Universal Transmissions, a company based in West Germany. (See illustration.) The chief executives of the three manufacturing companies, Uni-Cardan in Germany, GKN Transmissions in the UK and GKN Inc., are all on the Universal Transmissions management Board and meet every two or

three months. Market sector panels—information-gathering bodies which cover passenger cars, commercial vehicles and so on—also meet on a regular basis. There are working parties which in effect are task forces devoted to looking at problems of diversification, long-term research and development as well as manufacturing, marketing and purchasing.

Dr. Vrzal says this structure "gives GKN the ability to make rational decisions about where new capacity should be placed." GKN decided 18 months ago to press ahead with its first CVJ manufacturing plant in the States. It is going up at Sanford, North Carolina, and will come on stream in February next year. Its output of CVJs for 400,000 cars a year will go entirely to the U.S. market in North America. The cost of the plant will be about \$42m.

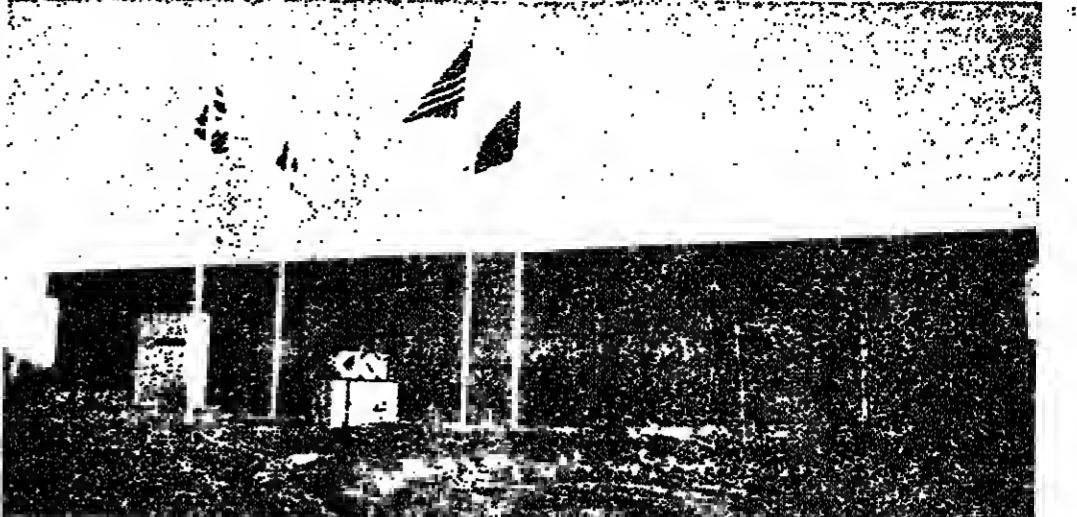
The second plant will be built at Alamance County, about 50 miles from Sanford and will draw its people from a different labour pool. It will probably come on stream in mid-1981, depending on GKN incorporated customers' requirements. It will have the capacity to produce CVJs for 300,000 cars—double the Sanford annual capacity—but

will employ only 100 more than Sanford's 300. The capital cost, around \$50m, is also relatively low compared with the first plant. When working capital is taken into account, GKN's investment in Alamance will be around \$80m. Alamance will make CVJs for a number of customers, not just Ford.

Dr. Vrzal reckons GKN Inc. will need at least one more CVJ facility in the U.S. to keep up with the demand it is expecting and possibly as many as six in all. The idea would be to keep them at a "manageable" size of around 300 people. Because GKN Inc. is working closely with Ford it could be that Ford might take a stake in the third plant and share the cost.

GKN Inc. was able to draw on the parent group's resources when Ford asked for advanced engineering on the new CVJs. GKN in the UK has the same kind of test equipment as Ford. "We can run their data through the GKN equipment and it is just like running round the Ford test track here," says Vrzal.

This close association with Ford obviously holds future dangers. GKN is spending heavily on one product mainly for one customer—a customer which might well decide to make its own CVJs when volume reaches the right level. GKN's patent protection runs out at the end of the 1980s. However, GKN Inc. is in a very early stage of development and it has extensive plans to broaden its base. Already it has taken an important second step in the U.S. with the acquisition of Parts Industries of Memphis, a private concern with \$100m of sales. In the automotive components distribution business—known in the trade as the aftermarket. At first sight this might



The new headquarters of GKN's American subsidiary at Southfield, Detroit, symbolise the group's major commitment in the U.S.

seem to have no connection with GKN Inc.'s CVJ operations, but the acquisition should help GKN protect this product. In the U.S. 80 per cent of the products sold in the aftermarket are supplied by "pirates," companies which offer a substitute for the parts originally fitted by the car assembler. GKN wants, as far as possible, to head off that kind of pirate penetration as far as replacement CVJs are concerned.

Matured

John Brookes, one of the two UK people Dr. Vrzal picked for his team and who is GKN Inc.'s director of business development, estimates that the aftermarket potential for replacement CVJs—or rather the complete joined drive shafts of which CVJs are an integral part—will be \$65m a year at manufacturers' prices by 1985. By 1990 the market should have matured as more and more front-wheel-drive vehicles take the road and will be worth about \$200m a year. GKN's purchase of Parts Industries (PI) gave it a start in the aftermarket in the U.S. but by no means could it restrict sales of its CVJs to the PI outlets. PI has 16 warehouses and there are another 1,300 similar warehouses owned by other companies throughout the U.S. GKN has already done deals with various independent

distribution concerns and so far has signed up 150 warehouses to take its CVJ products. PI will also be used as a base for further expansion in the aftermarket-distribution business. At present PI is in fourth place but well behind the leaders. Genuine Parts (with a turnover of over \$1bn), American Parts Systems and General Automotive Products, Mr. Brookes believes there is no reason why GKN Inc. cannot by acquisition take second place in the league, although anti-trust laws would probably prevent it buying its way into first place.

It is also possible that GKN Inc. will get into the remanufacturing business. This involves the collection of damaged or worn parts from repair outlets and making them as good as new for the retail market. Some 80 per cent of clutches sold in the U.S. aftermarket are remanufactured—an indication of the possibilities available. GKN Inc. could be first in the field with remanufactured CVJ driveshafts in the U.S., thereby filling a number of holes. First it would mop up the supply of second-hand CVJ drive-shafts, leaving few for the pirates to pick up and work on. It would also protect the quality of the product which, after all, is a safety-related item. Then the group should end up with a supply of part-

manufactured items bought at less than it would have cost to remanufacture them. At the retail end there is no difference in the price charged for the remanufactured and new products. However, GKN Inc. would use a code system to ensure that no product is remanufactured twice, a system GKN uses in its remanufacturing operations elsewhere in the world.

Mr. Brookes says that to set up the right kind of remanufacturing network GKN Inc. would need six plants, each costing around \$1.5m for equipment and a further \$1.5m of working capital, by 1985. GKN, the parent concern, is still considering whether to go ahead with this investment. Meanwhile, with all the spending that is going on Parts Industries has another important virtue. It is a cash and profit-generating business, profits against which the start-up costs can be offset for tax purposes. Dr. Vrzal sees other manufacturing opportunities in the U.S. for existing GKN products—aluminium wheels (GKN already supplies 50 per cent of Ford's American requirements for these through imports) and for carbon fibre truck components. But all this will take time, given that his "multi-faceted" management team is already stretched.

Why Western management practice can benefit Japan

OBSEVERS of management practice have for many years been preoccupied with trying to uncover the secrets of Japanese industry's success. No single clear answer has emerged. Yet many commentators continue to suggest that industry in the West could usefully learn some useful lessons by adopting, and adapting, the best of Japanese management systems.

But what of the Japanese themselves? Do they feel they have the perfect, enduring answer to economic growth, or could they, too, benefit by looking beyond their own borders? The answer is yes they can, according to a Japanese management consultant, Shigeo Wakamatsu, writing in the latest quarterly bulletin of McKinsey, the international management consultants, suggests that management trends and practice of Europe and the U.S. cannot be dismissed as a law unto themselves with no relevance for Japan.

"The realities of business life are changing for Japanese companies, too," he says. "No longer can we afford to refer all important decisions up to a supposedly wise, unchallenged individual; that approach is no longer acceptable, either to the stockholders or in senior management itself. We need to encourage more independent thinking below the top management level."

Mr. Wakamatsu bases his views on this own work experience both in the East and the West, and also on interviews he conducted with the chief officers of 25 leading U.S. and European corporations. In his talks with them he discussed their style, philosophy and principal management concerns.

Mr. Wakamatsu says four major themes emerged from his interviews. First was the dominant profit orientation and competitive drive of top Western businessmen, and the prevalence of built-in mechanisms for management accountability.

Second, there was widespread concern with the "care and feeding" of outstanding executive talent, and the linking of promotion to performance. Third, was the trend toward delegation of management responsibility as a means of fostering entrepreneurship and streamlining organisational processes.

Fourth, was the relative freedom of Western top management to control the use of their own time. What impressed Mr. Wakamatsu was Western industry's dominant concern with profit ability. Unlike his Japanese counterparts who can rarely cut out unneeded jobs in the interests of cost-efficiency, the American manager whose business fails to return a profit ceases to have any existence.

Mechanisms designed to assure top management profit accountability were also much in evidence, he says. Yet concerned though top level executives in the West are with profitability, other factors, such as recruiting and retaining good personnel, strengthening line management and delegating authority and teamwork at the top, preoccupied them.

Executive seminar Strategy and management of the research and development function

Industry and Government are spending vast sums of money on Research and Development. Are these expenditures well managed? Are you sure your company or organisation is getting the maximum benefits from its R & D efforts? Should it cut down on R & D activities, redirect them or expand them? How do you know if the R & D people are working on the right things and if they are, are they performing efficiently?

This seminar aims at providing the participants with a number of concrete techniques that will improve the return on the investments in R&D. The participants will be made familiar with these techniques by means of presentations, exercises and discussions. At the end of the seminar, we will provide the participants with a plan for action for use at home.

- The techniques concern: - the selection of R&D projects - technology forecasting and warning signals for the R&D manager - the incorporation of research with the commercial, production and other departments - the social acceptability of new technologies - the preparation of a long term plan and budget for R&D - the carry-over of terminated projects - the management of multi-discipline projects and people management in R&D - the assessment of the R&D function by means of key numbers.

The seminar is designed for R&D managers, senior staff and planners of industrial corporations or research institutes. It will be conducted by an interdisciplinary team from Bakkenist Management Consultants headed by Dr. Johan G. Wissema, Senior Consultant for R&D and Strategic Planning. The workshop fee is Dfl. 1,800,-, workshop materials included. The workshop will be held in: • Mallow (near London), UK - October 29-31, 1979 (Spring 1980: May 12-14), "The Compleat Angler Hotel", Language: English. • The Hague, NL - April 16-18, 1980, Hotel "Kurhaus", Language: Dutch. • Almelo, NL - October 17-19, 1979, Hotel "De Wiemsel", Language: Dutch.

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Business courses Guidelines for Action on Employee Involvement, London, September 20. Fee: £68. Details from Employee Communication Unit, Conference of British Industry, 21 Tothill Street, London SW1H 9LP. Old Product Development, London, September 28. Fee: £75 (plus VAT). Details from Company Communications Centre, 50 Tufton Street, London, SW1. The Television Planning and Buying Seminar, London, October 4. Fee: £80 (plus VAT). Details from Oyex International Business Communications, Norwich House, 11-13 Norwich Street, London EC4A 1AP. Developing Managerial Effectiveness, Henley, October 7-13. Details from The Administrative Staff College, Greenlands, Henley-on-Thames, Oxfordshire, RG9 2AU. Paying People Abroad, London, October 9-11. Fee: £75 (plus VAT). Details from ORC (UK), 1 Alhambra Street, London W1. Retail Cash Handling in the Eighties, London, October 3. Fee: £75. Details from Retail Conferences, 30 London Road, Westminster, Kent TN11 1BD. Management of Research and Development, Manchester, October 15-19. Fee: £225. Details from Post-experience Course Administrator, Manchester Business School, Booth Street West, Manchester M13 9PE. Appraising your Performance Appraisal System, Brunel University, Uxbridge, Middx, October 8-10. Fee: £180. Details from The Secretary, Brunel Management Programme, Brunel University, Uxbridge, Middx, URB 3PH. The Purchase of Consumables and Maintenance Items, London, October 15. Fee: £65 (plus VAT). Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent, RR5 1LZ. Industrial Marketing Management, Bradford, October 21-26. Fee: £260. Details from The Course Director, University of Bradford Management Centre, Bradford, West Yorkshire, BD9 4JU.



LOMBARD A test for U.S. know-how

BY NICHOLAS COLCHESTER

THERE WAS a thriving solar energy business in California at the turn of the century. In 1891 the mustachioed entrepreneur Clarence Kemp patented the "Climax Water Heater" and his business took off. By 1897 some 30 per cent of the homes in Pasadena are said to have had solar heaters on their roofs.

Bureaucracy

Today Clarence Kemp is being recalled from the grave, but in a way which doubtless dismays him. In 1890 he was motivated quite simply by a conflict between his desire for a hot bath and the price of gas. Now he finds himself part of an "energy programme" allocated funds by vast bureaucracy in a confused capital.

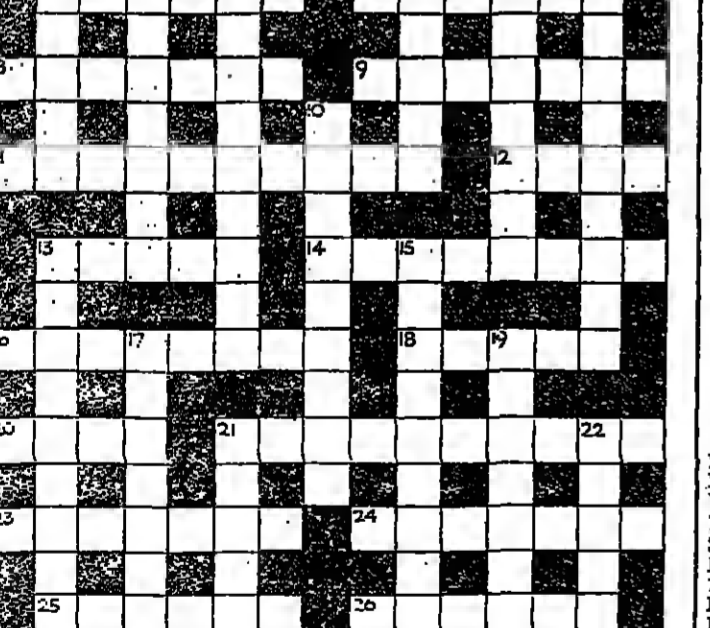
He can prove on the back of an envelope that the price of energy in the U.S. is still a bit too low for his roof heaters to be worth the candle. But a Department of Energy, and an Energy Mobilisation Board and an Energy Security Corporation tell him to get on with it anyway to help solve the nation's spiritual crisis.

In the matter of energy the industrialised world's lack of faith in the price mechanism is very striking. On the demand side of the equation it is a fact that the rise in the real price of oil which took place earlier this decade has put a big damper on consumption. Before 1973 energy consumption in the industrialised countries rose at the same pace as Gross National Product; afterwards, the rate was down to one-third that of GNP growth. Yet few people seem to draw much encouragement from this fact.

TV Radio

6.40-7.55 am Open University (Ultra high frequency only). 9.45 Magic Roundabout. 9.50 Jack-anory. 10.05 Don and Pete. 10.10 Desert Adventure. 10.35 Take Hart. 10.50 Cricket: Third Test - England v India. 1.30 pm Ragtime. 1.45 News. 2.05 Cricket: Third Test. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Hunter's Gold. 5.10 Young Explorers. 5.35 The Wombles. 5.40 News.

F.T. CROSSWORD PUZZLE No. 4,053



ACROSS 1 Remove the charge to make a feed (6) 2 Stop and drink (6) 3 To give the wrong title means I'm confused (7) 4 Choose to embrace learner and got drunk (7) 5 Caught on part of chain in prison (5) 6 Undress and leave (4, 3) 7 Notice one point in observance (9) 8 Pump gas over mat - in front of fire? (5,3) 9 Sound of amusement from the south could be killing (9) 10 Speculative article with unusually erotic following (9) 11 Tot in angle could be fussy (7) 12 Sincere listener gets home wrong (18) 13 Is rising fairly late in the day. It's a riddle (6) 14 Excessively large order goes to the south-east (5) SOLUTION TO PUZZLE No. 4,052

Press shows which go wrong

IT IS said in Fleet Street that this is the silly season: a period of the year when nothing much reportable is happening. There may be some truth in the notion, but for the audio-visual press there seems to be no slackening of press previews or the launch of new films.

This may reflect upon the sed lack of expertise which so frequently characterises many press previews - if Fleet Street and the business world in quiet August, who will respond to a press show then? Yet the lack of expertise runs sufficiently throughout the year to have encouraged the Film and Video Press Group to examine the problem and publish a booklet about it. The publication is a distillation of the views and collective experience of editors and journalists within the audio-visual press.

Conditions favour Troy

GOOD TO soft is the official going report for today's opening programme of York's August meeting. But if, as I understand, the ground will be riding heavier than that forecast suggests, Troy should again come good.

Gay Mecene is the one sur-furlong event. It is the first-runged and that remarkable mare, Swiss Maid, whom I anticipate giving the Berkshire colt his most serious problems. Lyphard's Wish has always struck me as 14-mile performer, despite that brave Derby effort, and it is worth remembering his fine run over this course at distance in the Mecca-Dante back in May.

RACING

prising absentee in the Benson and Hedges Gold Cup line-up. His defection alongside those of Poveros and France's Gain leaves 11 declared. That number may be reduced for Sandy Creek, his by no means sure to take his chance.

Radio Wavelengths

- 1 1053kHz/255m 3 1215kHz/247m & 90-32.16m stereo
2 885kHz/1635m 4 2001kHz/1190m & 32-36.5m
BBC London: 1458kHz, 200m & 94.9MHz
Capital Radio: 1748kHz, 194m & 95.9MHz
London Broadcasting: 1511kHz, 201m & 97.2MHz

to know the purpose behind the presentation. It might have added that journalists often arrive without a scrap of paper on their person and many in the Press release that has served in the dark as a notepad on the reverse side.

FILM AND VIDEO

BY JOHN CHITTOCK

is the film screening that takes place in mid-afternoon or mid-evening, effectively requiring half a day to attend. The Centre for Television and Radio Communication was the culprit on this occasion with the 2.30 pm (but in practice nearer 3 pm) preview of its latest film. Fortunately, I was only five minutes walk away from the venue, the British Medical Association, and so avoided the frantic rush that might have preceded my calm attempts to be an objective reviewer of this important film called Stress.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLESHAM: 7.30-8.30 pm. ENGLISH NATIONAL OPERA. Tonight: 7.30-8.30 pm. Tomorrow: 8.00-9.00 pm. Tuesday: 8.00-9.00 pm. Wednesday: 8.00-9.00 pm. Thursday: 8.00-9.00 pm. Friday: 8.00-9.00 pm. Saturday: 8.00-9.00 pm. Sunday: 8.00-9.00 pm.

THEATRES

ADDELPHI THEATRE: 8.15-8.30 pm. MASH. Tomorrow: 8.15-8.30 pm. ALBANY: 8.15-8.30 pm. THE WINDS OF WAR. Tomorrow: 8.15-8.30 pm. AMERSHAM: 8.15-8.30 pm. THE WINDS OF WAR. Tomorrow: 8.15-8.30 pm.

CINEMAS

ABC 1 & 2: 8.15-10.15 pm. THE GREAT ESCAPE. ABC 3: 8.15-10.15 pm. THE GREAT ESCAPE. ABC 4: 8.15-10.15 pm. THE GREAT ESCAPE.

ART GALLERIES

HAMILTONS: 15, Curzon Place, W.1. Curzon Galleries, W.1. Curzon Galleries, W.1. Curzon Galleries, W.1.



Are you certain the seats are uncomfortable enough? We've got to keep them awake somehow!

This film also highlighted the value of a well-run Press show because everything was organised to encourage a receptive audience and discussion later. BP usually run their previews at mid-day followed by a buffet lunch, which avoids the disruption of a working morning and encourages informal discussion afterwards.

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THE ARTS

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Whitechapel Gallery

Summer Show by WILLIAM PACKER

The Whitechapel Gallery has always been alive to its peculiar position, and consequent responsibilities within the local community, and in most years...

Each artist is shown simply and clearly, his particular display no more nor less irritating, enjoyable or boring than the work itself deserves...

The best of the socialists is John Allin, who has a strong sense of design and a keen eye for evocative detail...

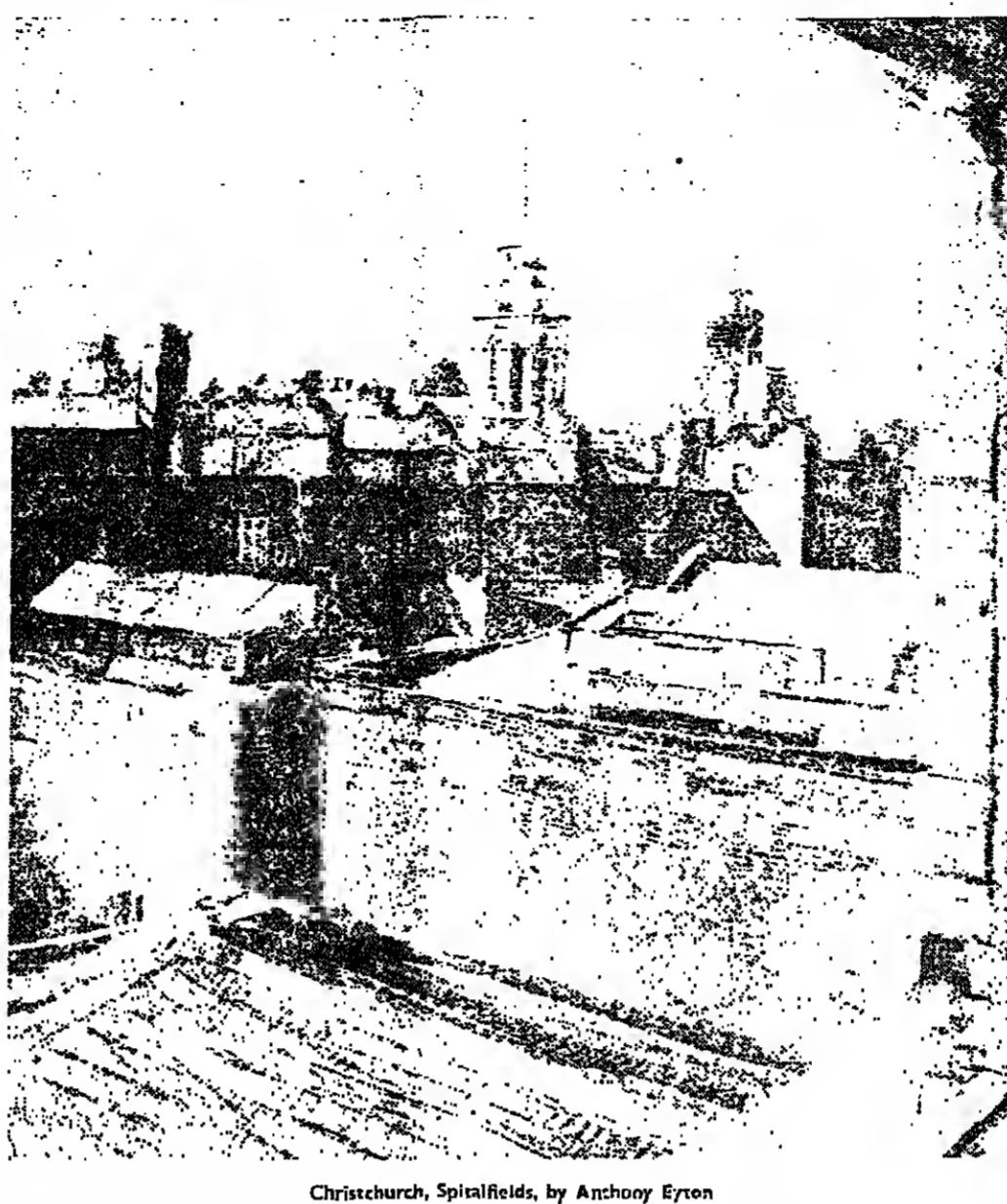
The straight paintings, with two exceptions, is disappointing. Noel Forster, John Moores' latest victor...

now complete at last. It will be difficult for him, no doubt, but necessary to return, and, whenever it is to be with serene circumspection...

The good things are by Anthony Eyton, whose city-streets and gatherings sit down-stairs, roof and through not entirely new...

Landscape are the photographers, both of them good, with Harry Diamond the more orthodox...

house, become works of art? And there is the large and elegantly open and casual sculpture by Robert Russell...



Christchurch, Spitalfields, by Anthony Eyton

through, Russell has lately been artist in residence to the Woolmore Primary School in Poplar...

bear infinite repetition, putting the artist on the spot before an unprejudiced but curious audience...

The Whitechapel Summer Show continues until Sept. 9.

Elizabeth Hall

French Summer Music

Pincus Zuckerman conducted the English Chamber Orchestra and Chilly in two works by Fauré in Saturday night's South Bank Summer Music concert...

wallow in terror of death the music does not have to be sweet and drowsy. He was both staid and drowsy...

Instead of Fauré's Masques et Bergamasques originally promised, the ECO Choir under their director Terry Edwards sang three unaccompanied part-songs by Saint Saëns...

RONALD CRICHTON

Broadway

Tourists extend the season

by FRANK LIPSIOUS

Normally the Broadway season, as far as openings go, ends with the Tony announcements in early June...

A revival of Arthur Miller's The Price was forced to move to another theatre to extend its limited run...

Joseph Buloff as the non-gregarious antique dealer who has come to buy the stuff is equally intent on a slow, dispassionate evocation of his character...

Lone Star and Pat Wars, two one-act plays by James McClure

Festival Hall

Sunday night's Summer Music was all Mozart again, excellently played and sung. Much credit must go to David Zinnman...

an envious simpering rich kid, the kind of role Clifford Feters reproduces with equal effort in both plays...



Phyllis Newman in 'The Mad Woman of Central Park West'

The wife of Adolph Green, who is half the famed song-and-play-writing team of Comden and Green, Miss Newman supposes she can appear merely eccentric...

Theatre rarely sees more personal than to parts of Phyllis Newman's one-acter, The Mad Woman of Central Park West.

Evidently a different style of music is featured in Got To Go Disco, an expensive, lavish production that expects the music to compensate for a lack of story, action or other traditional accoutrements of the theatre...

choir were strong and articulate throughout, and satisfyingly confident in their florid passages. For once, the trombones were kept in the same focus as the rest of the orchestra...

Mozart by DAVID MURRAY

effect in the Concerto and with proper sternness in the Requiem. Tamas Vasary was a marvelous soloist in the Concerto...

of something frail and poignant were perfectly set off by the crispness and poise of Zinnman's accompaniment. The Requiem had the advantage of a strong solo quartet—Sheila Armstrong, Alfreda Hodgson, Philip Langridge, and Marius Rintzier...

Edinburgh Festival

Diaghilev Celebration Concert

by MAX LOPPERT

This is the first year of John Drummond's tenure as artistic director of the Edinburgh Festival. Mr. Drummond has chosen for his first festival a theme that grandly conceals the worlds of music, dance, and the lyric theatre...

It was an admirable second half of a Diaghilev celebration in music, for it retold, more vividly than any words can, a key episode in the history of the artistic revolution of which Diaghilev was chief strategist...

The notes tend to spin on, pleasantly but dully; only in the finale, a moto perpetuo that gathers weight and explosive force, is there full measure of glitter, animal exuberance, strongly characterised musical fantasy...

Albert Hall

ECYO Gala Prom

by ANDREW CLEMENTS

The European Community Youth Orchestra is our own National Youth Orchestra writ large - selected by audition from the member countries of the EEC, sponsored by the governments of the Nine...

weight, dissolving into the sweetest fugue passage work. It was a performance of outstanding purity and elegance, hit at the same time a serious view of the concerto which relaxed only for the cadenzas...

The evening had begun with Mr. Heath conducting a superbly, clearly articulated Prometheus Overture and encouraging the European ideal with a flowing account of the "European Anthem" - the "Ode to Jny" theme from Beethoven's Ninth Symphony for those not up to EEC protocol...

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Growing chaos in Iran

THE GROWING chaos in Iran is exemplified by the summation of the Government forces and the Kurds in the western border regions.

Such mishandling of Kurdish dissent is hardly a good omen for the future of the government of Dr. Bazargan in Tehran and its more potent clerical counterpart in the holy city of Qom.

Criticism has provoked a clampdown on the opposition Press in Tehran. Meetings are broken up and part of the old opposition driven back under ground.

Living with a strong currency

A STRONG currency is like a zealous conscience—it produces pain as well as virtue. Switzerland and Germany have enjoyed the benefits of strong currencies since 1971.

Output in both Germany and Switzerland grew much more slowly than the OECD average between 1973 and 1978. But massive revaluations in their currencies have done wonders for their standards of living.

However, while the departure of the guest workers may have protected the jobs and living standards of German and Swiss workers in the short term, it has also reduced the productive capacities of the German and Swiss economies.

Fortunately for Germany, the "virtuous circle" of currency appreciation and low inflation is much easier to arrest than the vicious circle, spinning in the opposite direction, on which the British economy has been stuck.

BNOC: oil majors reject criticism over drilling

By RAY DAFTER, Energy Editor

OIL INDUSTRY executives have been wearing burlap sack expressions during the past fortnight. Some have found it hard to conceal their anger over the criticism.

The industry, mindful of all its successes, is convinced that it has been wronged. Consequently, it has dismissed as sour grapes the Corporation's contention that companies have been sitting on unexplored acreage.

They don't want to widen the rift with BNOC, particularly at this time when they are far from certain about the Corporation's future role. They know that BNOC will continue to play an important part in the North Sea, not only as the trader of most of the crude oil but also as an active participant in exploration and production.

Once the asset disposal is out of the way the Government can settle down to working out ways of injecting private capital into the Corporation. The issue of bonds or the sale of shares are two alternatives being considered.

responsibility of issuing exploration licences but will also assume BNOC's role as monitor of exploration and production activities. They are well aware that the BNOC's criticisms were aimed as much at Government licensing conditions as at their own performance.

The future size and shape of BNOC is still unclear although a good deal more should be known within the next six weeks or so when the Government is due to offer for sale some of the Corporation's assets.

Indeed, left to the Corporation, it is possible that the only asset put up for sale would be BNOC's 50 per cent stake in the partly depleted Viking gas field in the southern sector of the North Sea.

One might have expected that the industry's trade association—the UK Offshore Operators Association—might have prepared its own report on drilling, refuting the evidence of BNOC's report.

Oil companies have been reticent to make their view public for two basic reasons: They don't want to upset the Energy Department which, in future, will not only have the

members when trying to answer the claim that U.S. operators drill more wells per block than other groups, including UK companies.

Another point made by companies is that there could be a very good reason why no well has been drilled on blocks and part blocks still retained by companies.

UK DRILLING ACTIVITY OF THE SHELL/ESSO PARTNERSHIP

Table with columns: Whole blocks, Part blocks, Number of blocks awarded, Number of blocks relinquished, Number of blocks retained, Distribution of retained undrilled blocks, Number of blocks drilled, Number of exploration and appraisal wells drilled, Distribution of wells by area.

11 exploration wells were drilled in the relinquished areas of these part blocks in block 30/17b.

found in the northern North Sea area, in the East Shetland Basin, the Outer Moray Firth Basin, and the like.

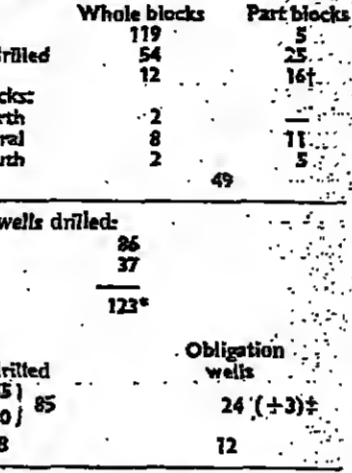
On the other hand, the central North Sea area, between the gas fields in the south and the oil fields to the north, is felt to have very little oil production prospects.

Variations in geological conditions strongly influence the amount of drilling required of companies when they are awarded offshore licences by the Energy Department.

to drill only one well on a group of blocks. (This system is likely to remain in force, in spite of BNOC's recent recommendation to the Government that drilling conditions should be made tougher.)

Another point made by companies is that there could be a very good reason why no well has been drilled on blocks and part blocks still retained by companies.

UK Offshore Drilling Activity



11 exploration wells were drilled in the relinquished areas of these part blocks in block 30/17b.

conceded by the industry, however, that there are some blocks which would merit greater exploration effort if more was known about Government plans to encourage the exploitation of small fields.

These, then, are some of the qualitative objections of the industry to a BNOC survey which dealt purely in quantity and statistics; the companies claim it was misleading merely to divide the number of licensed blocks by the number of wells drilled.

Mr. Tony Fox, managing director of Trecenro Oil Corporation, adds that the Corporation's survey also confuses drilling with exploration. "Exploration today depends on geophysical methods to determine the presence or absence of a possible oil-bearing trap before drilling is undertaken.

worth drilling a well. "All Lord Kearton is saying is that our present knowledge 35 per cent of acreage is not considered to provide sensible drilling prospects.

Not surprisingly for the head of a UK group, Mr. Fox also took exception to BNOC's contention that U.S. companies had the best drilling record on licences issued in the first four rounds.

The industry also took some delight in the fact that companies said to have worse-than-average drilling records—among them Shell, BP, Amoco, Texaco and Phillips—have been responsible for finding and developing a large proportion of Britain's commercial oil reservoirs.

Shell, as operator of the Shell/Esso partnership, took a side-wind hit at BNOC yesterday when it announced details of its own exploration record. Mr. John Jennings, managing director designate of Shell Expro, told journalists that Shell and Esso were spending over £20m on the development of North Sea fields.

Clearly the Energy Department is not unduly concerned about the industry's record. Indeed, it has been said that Department officials have not been able to reconcile BNOC's figures with their own information.

The Department pointed out that nearly 1,400 wells, including development wells, had been drilled on the blocks allocated in the first four rounds. While 13 blocks on multi-block licences had not been drilled, there were many cases where companies had drilled wells far in excess of their licence obligations.

the companies have discovered enough oil to make us now energy self-sufficient," he pointed out. At the same time, he said, companies would not find the new Government "a pushover."

Not that the present Government is likely to make drilling conditions tougher for the oil industry. "We have been concerned about the fall-away in drilling activity," said Mr. Gray.

Exploration activity is expected to pick up substantially over the next year or so as companies begin to fulfil their commitments made under the new sixth round of licences and the forthcoming seventh round.

He also made it plain that he hopes that BNOC will play its part in the exploration, even in its still-undecided new guise. "I see a challenging future for the new BNOC and I am hopeful that it will be involved in partnership with oil companies at their request.

And there it stands. British National Oil Corporation kicked up a rumpus to draw attention to what it saw as lapses in offshore exploration activity, only to find itself engaged in a bout of shadow boxing. The Government prefers not openly to rebuke BNOC; instead it goes out of its way to smooth ruffled feathers, to praise the oil industry and to assure the corporation that it will remain part of that industry.

MEN AND MATTERS

Blank outlook for TV coming of age

Viewers yearning for Coronation Street, Anna Ford, and all the other delights of ITV may have a long wait ahead, as the strike is stepped up today.

The event has been postponed indefinitely. I was told by a Southern TV spokesman yesterday. Since it was due to have been held on August 29, the company clearly does not foresee a quick return to normality.



Babylon's deadline

A group of Rastafarians who marched on the British High Commission in Kingston, Jamaica, last week are, I fear, unlikely to obtain the changes in the constitution which they think will facilitate their "repatriation" to their unlikely Mecca, Ethiopia.

The dispute is more severe at Southern than anywhere else: the main offices already boast three separate picket lines, the journalists and electricians claiming that the management has locked them out.

Occasional cigar. "is going to be in the area of facilities for smokers and the increasing pressure put on smokers to make them feel the odd men out."

Discreet puff for smokers

Being pro-smoking is a little like being pro-sin these days, so it is not altogether astonishing that the Tobacco Advisory Council—which, despite its name, is the manufacturers' association—should have signed a public relations company to promote its interests.

Her Bill would give the Health Secretary enabling powers to stop all cigarette advertising and promotion, hardly what TAC's doctor ordered. If nothing worse, discussion of such a proposal would be sure to dwell uncomfortably on the 50,000 premature deaths every year blamed on smoking, not to mention Britain's unenviable record of containing more lung cancer sufferers than anywhere else in the world.

Thorny area Harry Wheatcroft may be good at growing roses, but his arithmetic is a bit rustic. I see that a stop press slip in the latest Wheatcroft catalogue says: "Since our rose catalogue went to press the Chancellor has raised to 15 per cent the rate at which VAT has to be charged. We therefore regret the prices quoted (which include VAT at the old rate of eight per cent) must now be increased by seven per cent."

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# Bitter cigarette price war eases off

By DAVID CHURCHILL, Consumer Affairs Correspondent

THE BITTERNESS of the battle between tobacco companies for a share of the fast-growing king-size cigarette market was made clear earlier this year when senior executives from Imperial Tobacco faced criminal proceedings over their "Spot Cash" instant lottery marketing campaign.

The campaign, which enabled smokers of Imperial's brand to win up to £5,000 in prizes in a simple lottery included with each packet, had been challenged as contravening the lottery laws by Imperial's arch-rival in the world market, British American Tobacco (BAT). The Director of Public Prosecutions initiated criminal proceedings against Imperial's marketing executives—proceedings which were dropped only when the civil Appeal Court under Lord Denning declared the lottery lawful in every respect and criticised the DPP for acting "out of hand". The Attorney-General has just decided to take the case to the House of Lords, but a hearing is not likely before next January at the earliest.

In the meantime, Imperial relaunched in July its "Spot Cash" lottery promotion amid a blaze of publicity and hopes that it will reduce price competition and return the tobacco industry to its traditional reliance on brand image and advertising. If this does happen, then it could be bad news for the smoker but good news for the profits of Britain's tobacco companies.

The past three years has seen unprecedented price-cutting by all the major cigarette manufacturers. Cigarettes appeared at one time to be on the way to becoming just another commodity, with smokers abandoning the brand loyalty built up expensively over two decades and switching to the cheapest. Only Gallahers, with its successful advertising campaign for Benson and Hedges gold pack cigarettes, managed to

retain a substantial degree of brand loyalty—it remains the leading cigarette brand in the market.

Eveo Gallahers was forced to take part in the price war that started in the spring of 1976 and which only now shows signs of abating. Unlike the super-market price war, which was a deliberate attempt by a few food retailers to increase their market shares, the cigarette price war was a result of Britain joining the EEC.

## EEC change

Before accession, the British Government's revenue from tobacco was mainly derived from a duty levied on the weight of tobacco leaf used in manufacture in the UK, regardless of the size or number of cigarettes produced from the leaf. This meant that the larger the cigarette the higher the duty and hence the higher the retail selling price. Thus lower-priced smaller cigarettes were most popular.

However, in December, 1972, the EEC adopted a common structure of tobacco taxation based on the system used by the six original member countries. Rather than duty being levied on leaf weight, it was levied on the value of the end product, which consisted of a value element (currently 30 per cent) based on the retail price, plus a specific element related to the number of cigarettes (18p per 20).

Its impact on Britain's £2.75bn a year tobacco industry was enormous. As manufacturing, packaging and marketing costs of different sizes of cigarettes are very similar, the change in duty raised the prices of small and medium-sized cigarettes far more than it did for larger cigarettes.

A special Price Commission study, published last year, showed the effect of the switch

to EEC duty structure, which was phased in between 1976 and 1978. The duty on 20 small filter cigarettes increased by 14.5p to 36.5p during the period while the recommended selling price jumped 18p to 51p. For 20 standard filter cigarettes the duty increase was by 9.5p to 23.5p, with a price rise of 14.5p to 38.5p. But for king-sized cigarettes, the duty only increased to 39.5p, while the selling price rose only 7p to 56p. Smokers switched to the better-value king-sized cigarettes in droves.

At the beginning of 1976, small and standard filter cigarettes dominated cigarette sales with some 78 per cent of the market. Plain, untipped, cigarettes had 13 per cent and king size only 9 per cent. But market figures now show that king size accounts for 61 per cent of the market, with small and standard cigarettes falling to 30 per cent, and plain to 9 per cent. Moreover, few in the industry believe that the phenomenal market growth of king-size cigarettes is at an end. Estimates suggest that they may capture as much as 80 per cent of the market over the next few years.

The king-size sector is the only growth area within the cigarette market: total volume sales are maintaining a steady 1 per cent volume decline each year; a health and social factors make smoking less popular.

British tobacco companies—Imperial, with its W. D. and H. O. Wills and John Player subsidiaries; Gallahers, Carreras Rothmans, Philip Morris, and latterly BAT—embarked on a fierce battle for a share of the king-size market.

Imperial Tobacco was hardest hit by the duty switch and has had to fight hardest to recover its market leadership. In 1976, Imperial had 86 per cent of the overall market with some 88 per cent of its sales in the small and standard filter sector through its Player's and Embassy brands. Only 1 per cent of its overall



Hugh Rowledge

sales were in the king-size sector.

Critics have suggested that Imperial was slow to realise the significance of the EEC duty change. Certainly Gallahers, with 54 per cent of the king size sector (and 26 per cent of the overall market) and Rothmans' 54 per cent of the king-size 7 per cent overall, were better placed to take advantage of the change.

But Imperial has staged a remarkable recovery over the past three years. From only 9 per cent of the king size sector in 1976, it now claims overall market leadership with 45 per cent, compared with Gallahers' 30 per cent, Rothmans' 18 per cent, BAT's 5 per cent and Philip Morris' 2 per cent.

Moreover, Imperial says that its overall market share has only dropped by a tenth to 56 per cent and it claims seven out of the top ten brands as its own.

Gallahers' total market share is now estimated at between 25 and 27 per cent. Rothmans between 12 and 15 per cent. BAT 2 per cent, and Philip Morris 1 per cent.

Imperial sparked off the cigarette price war in April 1976 when it launched John Player King Size. The new brand's price was 42p for 20—the same as for small and standard filter brands. Almost immediately duty increases of 3p to 4p for 20 caused Imperial to increase its price to 46p. Gallaher and Rothmans responded by absorbing the whole of the duty increase on their king size brands and the price war was on.

Coupons—which had been used by manufacturers since the late 1960s to maintain brand loyalty in the face of across the board price cuts by some retailers—no longer make economic sense since the new

duty is levied on the value of the coupons as well as the cigarettes.

As the switch from small to king size cigarettes gathered pace in 1976 and 1977, so the competition intensified. All the major manufacturers eventually adopted a price-cutting system known in the trade as matched-dealing. By this, the manufacturers offer retail distributors a discount ranging from 1p to 5p off a packet of cigarettes provided that the distributor is prepared to match the discount out of his own profit margins and sell to customers at 2p to 6p off the recommended price.

In January, 1978, when the full switch to the EEC duty system came into effect, competition was intensified when Rothmans cut the recommended price of its Dunhill King Size and Imperial brought out its Players No. 6 brand in king size as well as launching

Embassy Real King Size.

But in May 1978, the gloves really came off with the entry of BAT into the market. BAT had previously not competed in the UK market following a long-standing agreement with Imperial which determined each company's trading spheres in Europe. This agreement had had to end when the UK joined the EEC as it contravened EEC competition laws.

BAT undertook what the trade considered to be the most expensive ever cigarette launch with its State Express 555 brand. BAT's brand was up to 6p cheaper than its competitors and it also offered a 2p token of the customers' next purchase. Such deep price cutting could not be matched by BAT's competitors: a great number of smokers switched to State Express 555 as the cheapest brand. From having no place in the UK cigarette market at all, let alone the King size sector, BAT managed within three months to secure a tenth of the king size sector. But even BAT was unable to maintain such severe price cutting for long: when its price returned to nearer those of its competitors, smokers reverted to their previous brands. BAT is now estimated to have about 5 per cent of the king size sector.

While no company has been able to give up price competition, there is little doubt that most would prefer an easing of the cut-throat conditions of the past few years and a return to the traditional method of competing by advertising and brand image.

Three years of the cigarette price war has had its effect on corporate profitability. In its last full financial year to last October, for example, the Imperial Group's tobacco profits fell by almost 5 per cent to £66.3m—although tobacco profits in the first half of the current year were above last year's levels.

Continuing concern over the health effects of smoking, controls over advertising and the prospect of tougher controls to come, and the debacle of the failed launch of artificial cigarettes onto the market have also damaged manufacturers' profitability.

Imperial sought to avoid price competition by launching the "Spot cash" instant lottery last autumn. The company claimed a temporary 50 per cent boost in market share before the lottery was withdrawn.

Gallahers' success in maintaining its brand image of quality has shown that smokers are still willing to buy for image as much as for price. Within the trade, it is suggested that as many as eight out of 10 smokers are persuaded to buy particular cigarettes by brand image. But the remaining 20 per cent—a much greater proportion than in the past—will buy whatever is cheapest. It is this section of the market that some companies can segment in the short term through price cuts.

It is believed that virtually all companies have now batted widespread matched-dealing. Yet this apparent willingness to ease price competition has not reduced the manufacturers' determination to capture a bigger slice of the market.

BAT, Imperial, and Rothmans have all launched new brands this year. Of the three, Imperial's Lambert and Butler has appeared most successful in capturing some 3 per cent of the overall market.

While it would seem that Imperial as market leader and Gallahers as brand leader have most to gain from a cessation of price hostilities, Rothmans, BAT, and Philip Morris may feel that the only way of catching them is through a further war of attrition. As long as the king size sector keeps growing, there will be the temptation to secure a larger slice of the market by cutting prices.

## Letters to the Editor

### Change the tax system

From Mr. J. Read

Sir—With regard to the statement in Mr. John Lidstone's letter (August 14) that the GEC's sales tax was paid no less than £100,000, is this really true? Who account is taken of the tax that is levied the actual payments made to respect of such employment last year would have been approximately—

To the Government ... 76,000  
To the employee ... 24,500

So the handsome reward referred to by Mr. Lidstone would have been far outshone by the levy that the employer had to pay to the Government. A levy which was three times greater than the reward to the employee!

It may be healthy for salesmen to earn more than their manager, as Mr. Lidstone suggests, but can it be healthy for the Government to levy on their employment to be higher still? It may be said that the position has been improved, as taxes have now been reduced, so GEC can continue to pay such an employee £24,500 and reduce its payment to the Government to £24,500. However does this not beg a fundamental question? Should we consider not whether earnings should be taxed more or less, but whether one should tax employment at all?

After all are PAYE and national insurance contributions simply taxes on employment calculated by reference to earnings?

Clearly any changes in our taxation system need to be given very careful consideration but it is necessary to continue tolerating a system which bears so onerously on employment, or has our familiarity with the system made us blind to its failings?

One way in which the present system could be improved would be to require all employers to charge all "gross" pay to the net amounts actually paid to employees, future changes in tax to be absorbed in the usual way, and tax employers' profit by reference to their employee's earnings but by reference to the "value added" by their business. This would not be inflationary like the recent shift to higher VAT and lower direct taxes, as earnings would not be automatically increased and neither would prices, but in addition it would be a positive step to taxing employers according to their ability to pay, not to mention a huge reduction in the number of people caught up by the taxation system.

A change on these lines deserves serious consideration and it is to be hoped that the Government is open to fresh ideas rather than merely changing rates of tax.  
John Read,  
1, Colders Park Close,  
West Hork Avenue, NW11.

### Togetherness at work

From the Deputy Chairman, Working Together Campaign

Sir, Men and Matters (August 14) carried a paragraph headed "Togetherness." It referred to Frank Chapple and a private seminar of the Working Together Campaign and suggested that he would be on a delicate ground if he attended.  
The Working Together Campaign has excellent relations

with the trade union movement and with all three political parties. Frank Chapple and Sir John Boyd have been members of council for six years. Other council members include prominent trade union leaders, own in retirement; A. P. Coldrick, our chairman—at present on holiday—and Lord Cooper are both former members of the TUC general council. In addition to Sir Harold Wilson, half-a-dozen Labour Members of Parliament have attended and spoken at our seminars, with a similar number of leading Conservative and Liberal MPs. Last February, our aims and training methods were discussed and endorsed at a meeting in the House of Commons, sponsored by James Lamond, MP (Labour) and David Mudd, MP (Conservative).

Next month's seminar at St. George's House, Windsor, on "The future of work" will certainly discuss the silicon chip. One of the speakers will be Roy Groatman, general secretary of the Association of Professional and Executive Staffs. I do not know whether Mr. Chapple will be able to be there. I hope he will; the ground seems firm enough!

(Sir) Anthony Bowlby, Working Together Campaign, 128, Marsham Court, Marsham Street, SW1.

### Control of money

From Mr. J. Younger

Sir,—As much as one can find areas of Government policy which are wholly constructive, I find it hard to accept that the strictures being exercised at present are at all necessary. They are eloquent of an unclear idea of what causes inflation. Consequently the economy is saddled with a heavy hand unaware how to use the large capital resources of the country. Inflation arises from excessive government spending and in particular the printing of some 1bn new pound notes a year. It is this which the Government must attend to. A simple cut back in government spending towards a balanced budget is all that is needed.

The tightening of credit controls in an environment of inflation is unnecessary, unless capacity is fully stretched through excessive demand. This is not the case at present.

Instead by ramming up interest rates, people are being shaken out of productive employment only to become an additional burden on the public purse, on top of those released from public employ by government spending cuts. Why make it more difficult to employ people in the private sector when by raising the rate of shift people from productive jobs to jobs which will meet the pent up demand of an over-taxed citizenry. As taxes and government share of spending are reduced, the additional discretionary spending power of the private sector will make for a more satisfied work force.

After all, nobody knows better what to do with his money and where he wants to spend it than the person who has earned it in the first place.

Tight money conditions, must be the major disincentive in the construction area and its consequent on unemployment, it being a labour intensive sector. Why squash this resourceful area? Does construction cause inflation?

To soften the blow for those released from public employ,

retraining programmes should be funded to facilitate re-entry to the commercial world, together with relocation allowances, etc.

As for the M1, M2 and M3 obsession, let the financial markets do their job of assessing risks and charging rates accordingly. The banks, lending institutions and so forth do not cause inflation by lending money against assets and taking on risk. Their lending which is aggregated into the M2 and M3 figures is largely irrelevant from the point of view of inflation per se. These numbers represent the volume of business done and when there is so much unemployment, one can hardly infer that interest rates should be so increased.

A sensible control of the real and only type of money—notes and coins in circulation—is what is wanted. No more, no less.  
J. M. D. Younger,  
25, Milner Street, SW3.

### Solar energy in the U.S.

From the Chief Scientist, Ocean Systems, Lockheed Missiles and Space Co. Inc.

Sir—David Fishlock's article (August 1) is an excellent summary of U.S. efforts in the field of solar energy. However, the implication that the ocean thermal energy converter (OTEC) is handicapped by its low thermal-cycle efficiency is misleading. It is true that the Rankine efficiency is about 3 per cent (rather than 5-7 per cent you mention) but it must be remembered that the "fuel" is delivered on site at no cost by solar radiation, so that the main impact of the cycle efficiency is on the size of the heat exchangers and on the choice of working fluid. Hydroelectric power is even less efficient if one starts with evaporating seawater to make rain.

The article also states that "the Department of Energy is funding an experimental model in the Pacific off Hawaii." There is such an effort, called Mini-OTEC, which has no federal funding, and is a private venture on the part of Lockheed Missiles and Space Co., the State of Hawaii, Dillingham Corporation, and Alfa-Laval. DOE is considering the funding of a second deployment for Mini-OTEC which would occur after the industrial-state team has completed the first six months deployment and test. DOE does have a heat exchanger test programme, OTEC-1, scheduled to be conducted off the coast of Hawaii, but OTEC-1 has no provision for generating usable net power.

The Mini-OTEC system began generating net usable power on August 2—designs for large scale units remain to be accomplished, but OTEC power is a reality.  
William F. Whitmore,  
Lockheed Missiles and Space Co. Inc.,  
1111, Lockheed Way,  
Sunnyvale,  
California.

### Racing ahead

From the Chairman, Gilbey Racing

Sir—May I please explain briefly some of the workings of the Gilbey racing championship awards which Dominic Wigan criticised (August 16). The awards are based on a point system linked to the European pattern races and they fall into

two sections: the European Championship, which takes in all pattern races; the four specialist categories—sprinting, milling, middle-distance racing, and staying—which are linked to races open to more than one age group.

By way of explanation the Benson and Hedges Gold Cup at York is a Group 1 middle-distance race open to three-year-olds and upwards. The winner receives 160 points, the second 80, the third 40, and so on. All horses in the race place; the first finish within six lengths of the winner to a middle-distance race to earn points.

Throughout the season the standings are published for interest only, and it is to the current position in the middle-distance category that Dominic Wigan takes particular exception. The present leaders are: Gay Mecene 240, Dickens Hill and Troy 206, Ile de Bourbon 160, although Gay Mecene has been beaten by Troy and Ile de Bourbon. The positions are explained by the fact that Gay Mecene has won one Group 1 race in the category, the Grand Prix de Saint Cloud, and finished second in the King George VI and Queen Elizabeth Diamond Stakes (Group 1) and the Grand Prix D'Evry (Group 2). Dickens Hill has won the Coral Eclipse Stakes (Group 1) and the Sean Graham Ballmoss Stakes (Group 2). So far Troy (King George) and Ile de Bourbon (Coronation Cup) have each run in and won one qualifying race. Their opportunities are ahead.

The purpose of the whole competition is to produce a series of champions at the end of each year. To complain about the standings with the season only two-thirds of the way through is a waste of indignation.

Anthony Gilbey,  
Gilbey Racing,  
Clitex House,  
83, Charlotte Street, W1.

### Siting an airport

From Mr. G. de Clermont

Sir,—The plea of the director of the Nottinghamshire Chamber of Commerce (July 31) that there should be developed a new gateway airport on an existing airport site (East Midlands), rather than a third London airport, is the most constructive contribution so far to the debate taking place in your columns.

If a vast sum of money must be spent on increasing the nation's airport capacity, let it be on a location that serves industry fully as effectively as it does passengers, the value of much of whose travelling is at least questionable from the national point of view. Thus East Midlands may well be the best all round location, if commerce and industry in the area. Mr. Walton cites are to benefit from a new international airport.

The existence of the St. Pancras line link offers a priceless opportunity to equalise the time factors in the differing distances of arriving aircraft from central London, for the Midlands line is underused, yet is in process of being brought up to 100/110 mph running standards, and in the diesel coach depot on the west side of St. Pancras station is an ideal site for a town air terminal.

G. P. J. de Clermont,  
Flat 29,  
67 Elm Park Gardens,  
SW10.

## GENERAL

UK: Opencast workers meet NCB for further negotiations over pay.

Pillington glass workers call for their one-day strike in pay dispute.

Education and communication technology exhibition opens, Hellaod Park School, W8 (until August 27).

## Today's Events

International craft and hobby fair at Wembley Conference Centre (until August 23).

Department of Employment publishes August provisional figures for unemployment and unfilled vacancies.

## COMPANY MEETINGS

A. Monk, Green Lane, Padgate, Warrington. 2. John Swan, New Mart Road, Gorgie, Edinburgh, 4.

## COMPANY RESULTS

Final dividends: Capital and National Trust. Meat Trade Suppliers. Restmor Group. Interim dividends: American Trust Company, T. F. and J. H. Braime (Holdings), Dufay Bitumastic, Ocean Transport and Trading. Interim figures: Wedgwood (first quarter).

## LUNCHTIME MUSIC, LONDON

English organ music by Bull, Gibbons, Nares, S. S. Wesley, Preston, etc., played by Margaret Phillips, St. Lawrence Jewry, next Guildhall, 1.00 pm.



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# Continental completes Stenhouse share purchase

BY JOHN MOORE

Continental Corporation, the U.S. insurance concern, has purchased a 20 per cent stake in Stenhouse Holdings, the British insurance broker, in a deal worth £8.2m.

The stake was built up yesterday morning. Continental, through its brokers Rowe and Pitman, Hurst-Brown, purchased 5m shares at 110p, just under 1m shares at 100p, and 1.5m shares at 87p. The average price that Continental paid was over 107p.

Stenhouse's shares were suspended on Friday at 87p ahead of Continental's announcement that it planned to take the 20 per cent stake in Stenhouse through a purchase in the market. Yesterday they closed at 92p.

Continental's total holding is now 7,592,070 shares in Stenhouse.

Save and Prosper was an institution which rushed to take advantage of the 110p offer and 10 am had sold almost 1m shares, representing one-third of its holding in Stenhouse.

About half the shares came

from jobbers and the remainder from shareholders.

Continental Corporation's London advisers, Hambros Bank, said that the 110p offer caused a 40 per cent oversubscription, and the price had to be dropped.

One always gets a bit of blond, pressure in these situations, commented one broker.

Rowe and Pitman commented that Continental had chosen this controversial way to build up a stake because a more formal arrangement would have taken more time and Continental was anxious to establish a link with Stenhouse quickly.

Continental is serving links with Harris and Dixon (Insurance Brokers) a Lloyd's of London insurance broker in which it has a 30 per cent stake.

Last year Continental took a 20 per cent stake in Harris and Dixon through its subsidiary Swett and Crawford. In its annual accounts Continental said that the move would strengthen its position in the London market and provide expansion of its international insurance services.

Harris and Dixon said yesterday that it was only last Friday—the same day as the Stenhouse announcement—that Mr. Y. Lee Barnes, executive vice-president of Continental informed the group that Continental was "unilaterally withdrawing from this arrangement."

Harris said it came as a complete surprise.

Harris and Dixon "is now considering its whole position." Whether that included any possible legal action against Continental the company declined to say. But it added that it saw no reason why Harris and Dixon should not continue as one of the Swett and Crawford subsidiary's London correspondents.

In New York Mr. Barnes said: "We will have to wait until the dust has settled. They have developed a good relationship with the Swett subsidiary and it is too early to predict the outcome."

Both Mr. Barnes and Harris and Dixon said that a full agreement on the proposed link-up had never been signed.

# DCM hive-off to be made by rights issue

THE Dunbee-Comber-Marx group is likely to achieve the proposed flotation of its de-lousing and industrial interests through a rights issue.

The money raised would go towards the development of "our mainstream activities," Lord Westwood, the chairman, said at yesterday's annual meeting.

News that Dunbee was considering the hive-off of this profitable part of its business emerged at the weekend, but Lord Westwood told shareholders the Board was not prepared to publish any estimates of the sums involved.

It would also be wrong to make any conclusions about this from what was placed on some recently listed businesses which were not wholly comparable with the relevant DCM interests, he added.

The flotation being considered would involve "certain of the DIY and industrial interests, but there would be no further statements on the matter until later this year or early in 1980, he said.

He described the UK order position for the toy business as "strong" with trading results from the DIY and industrial division equally encouraging.

Last year, group profits slumped from £6.4m to £1.3m, with severe overseas losses,

especially in the U.S., proving the main burden. The DIY and industrial side turned in trading profits of £1m and is expected to improve in 1979.

Lord Westwood said that the interim results would show "a very substantial loss." This was entirely due to the seasonal nature of the company's business, made more pronounced by the incorporation of the whole of the build-up costs in the U.S. in the first six months.

The 1978 annual report showed that Dunbee's debt and deferred payments had risen to nearly £31m from under £15m, and Mr. Richard Beecham, joint managing director, said any funds from the flotation would obviously be put towards reducing this.

So far, only the principal flotation had been decided upon, he said, with the most probable mechanism being a rights issue at a premium to shareholders. Dunbee's shares have been low for some time and were unchanged yesterday at 62p.

The DIY and industrial division contains six separate companies. Decco, the DIY self-service wholesalers bought for over £400,000 from Reed International last year, would be a clear candidate for inclusion in any flotation, he commented.

As for Dunbee's overall progress, he said: "We're certainly looking for an improvement."

# British Dredging board row developing further

BY ANDREW FISHER

THE boardroom tussle at British Dredging was intensified yesterday when Mr. D. Mostyn Bowles spelled out his reasons for wanting to remove the rest of the board.

Mr. Bowles, a former chairman and managing director who is now a non-executive board member, has sent shareholders a letter contending that "a change in your company's top management now would be wise before it is left too late."

He cites a serious and worsening management problem at operation level, questioning both the management style of Mr. Bryan Clark, the chairman since 1977, and his recent statement that the company's position had become stronger.

He also expresses concern about certain payments totalling £40,000 made to companies in which Mr. Clark and his family are principal shareholders, saying that adoption of the report and accounts should be postponed until a better explanation is forthcoming than so far received.

At a special EGM to be held after the annual meeting in Cardiff on August 31, Mr. Bowles will seek to have Mr. Bryan Clark and three other directors voted off the Board.

The other three people, Mr. Bowles wants to have removed from the British Dredging Board are Mr. Christopher Glover, the

## DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corre. Total	Total last year
Chas. Baynes	0.4	Oct 1	0.3	0.75
Blagden & Noakes	0.2	Oct 2	0.2	0.75
N. O. Boardman	0.2	Oct 5	0.58	0.58
L. Gould	18.38p	Sept 7	16.75	17.50
Lada. St. Lawrence Int.	0.38	Nov 7	0.34	0.34

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. ↑ On capital increased by rights and/or acquisition issues.

"It is no good getting the financial structure right if the operational units are allowed to fall apart in the process," Mr. Bowles said.

He is being advised by Guinness Mahon, who indicated yesterday that his efforts to change the Board could count on the close support of 20 per cent of the shareholders, with more to be possibly drawn from the 40 per cent in the hands of small holders.

Mr. Bowles said last night that he had had discussions with Messrs. Mostyn Bowles and would be seeking them in the next few days. "In his circular, he said it would be his intention to seek more full-time directors and also ask RMC to nominate a director. He said it was the first time he had ever asked for a director over the terms in the next few days, though they had been drawn the attention of the auditors. His circular, based on payments of £20,000 for furniture for the London office, used by Mr. Clark had caused the company to pay £5,000 for a work boat and £15,000 for a work boat."

When appeared on inquiry that there may be some discrepancy between the amounts above and the valuation of year instead of the £60,000 profit shown in the accounts and also declining net worth.

# Boardman slumps to £79,000

A NEAR £0.5m deficit at a subsidiary and stock losses, close on £0.15m, combined with higher interest costs to depress performance by NO Boardman International in 1978-79.

Overall, with recovery in the second six months from the £77.731 first half loss, the clothing manufacturer and importer finished the year to March 31, showing a stable profit shortly down from £905,928 to £73,420.

Remedial measures at William Stenbridge and Sons have proved insufficient to stem losses and the group has decided to cease production there at an estimated cost of £454,677. This is provided for by an extraordinary debit, compared with a £53,949 debit item last year.

Mid-year, when the loss at Stenbridge had reached £265,919 (profit £63,659), the directors said the deficit had arisen from weak and inefficient management and changes were being made.

At the trading level group surplus for the year was only marginally lower at £1.2m, against £1.25m, but interest costs were some £31,000 up at £479,441. Turnover was ahead to £23.9m (£21.94m).

The effect of the losses and provision has been to absorb virtually all the year's profit and the tax credit of £416,015 (£335,005 charge), which followed

a change to treatment of deferred tax, the directors point out. Furthermore, they state, margins have come under pressure since year end and high interest charges have continued.

In these circumstances the Board considers it prudent to reduce the final dividend to a nominal 0.025p net to assist the group to conserve resources during this difficult period. Total distribution is left down from 1.056665p to 0.5p.

Earnings per 5p share were 2.27p (4.01p).

The stock losses occurred as a result of a change of management policy on stock holding at two of the importing companies, Kay and Lee and Boardman Marjorie. Provision for this was made in the interim results when it was said that certain stocks which had been held for some time were to be cleared.

year profits all but disappeared, and the shares eased 11p to the year's low of 181p. The results were mainly affected by losses and closure costs at Stenbridge, but even at the trading level, profits were 7 per cent lower against a background of improving textile trends. Clearly, the bad winter weather was a factor but the big question is whether there is any more bad news still to come. Interest rates have jumped recently and the company's borrowings look uncomfortably high at £4.2m, compared with shareholders' funds of just over £5m. Part of this is due to higher stocks although to be fair, current levels are inflated by a seasonal inflexion. On the other hand, the end of Stenbridge production increases the importance of the importing activities (now 60 per cent of group sales), so there should be substantial benefits from a stronger pound but Boardman is yet not out of the woods.

# Blagden & Noakes at £2.8m in first half

FOR THE 25 weeks ended June 24, 1979, sales of Blagden and Noakes (Holdings) increased from £26.5m to £29.77m and pre-tax profits were higher at £2.82m, compared with £2.51m in the same period last year.

Tax takes £1.22m against £909,000 giving earnings per share of 8.7p compared with an adjusted 8.7p.

The interim dividend is effectively lifted from 2.5p to 3p—the total last year was equal to 6.7p from pre-tax profits of £4.95m.

The first half profit is after interest of £120,000 (£82,000). Attributable profit is £1,051,000 against £928,000 after minorities of £661,000 (£668,000).

The directors say that since the transport strike in January there has been a welcome upsurge in business which has been maintained up to now. All divisions of the group are benefiting from this improvement.

But, it would be unrealistic to ignore the increasingly pessimistic forecasts being made

concerning a recession not only in this country but in world trade.

While it is the intention that the total payment for the year will be higher than that paid for 1978, shareholders should appreciate that the deciding factor must be the level of earnings achieved over the whole period.

The group trades as a maker of steel drums, plastic products, chemicals and industrial protective and electrical equipment.

comment

First half trading profits from Blagden and Noakes look very respectable, given that the group was struggling to break even during the first six weeks because of the transport strike. With an improvement in margins and a 14 per cent rise in trading profits behind them, the hesitant dividend forecast may seem surprising. Lead-times, however, are extremely short and a UK recession would have a rapid impact. Furthermore, while direct exports are small, drum sales—still the dominant side of the business—are heavily dependent on the export market and could take a knock from the persistent strength of sterling. The drum and cask sector is in any case unlikely to record much growth over the next few years, so the strong recovery in chemicals is particularly encouraging. The manufacturing side is almost breaking even after losing £135,000 in the same period of last year. The group is about to invest between £1m and £1.5m on a chemical manufacturing plant but could be tempted to boost growth by acquisition—the share price is near its highest point of the year at 136p so a rights issue must be tempting. Pre-tax profits of 55m would put the shares on a fully-taxed p/e of 9, while a 20 per cent dividend increase for the year (adjusting for the scrip) would give a yield of 8.6 per cent.


# Glynwed in £3.9m U.S. deal

IN A US\$5.6m (£3.9m) cash deal Glynwed has agreed to purchase the capital of The Brewer Steel Company Inc. and the freehold land and buildings on which its operations are located.

Brewer's businesses are steel stockholding and fabrication of steel products, principally for the construction industry. Its operations are carried out from two locations in Atlanta, Georgia.

The net assets being acquired amount to some \$6.6m (£4.9m). For the year ended August 31, 1978, Brewer made a profit before tax of \$1.47m (£660,000) on sales of \$6.5m (£3.8m). It is estimated that profit before tax for the year ending August 31, 1979, will be not less than \$2m (£900,000) on sales of \$11m (£5.0m).

Glynwed said that the acquisition of Brewer will form a natural extension to its interests in steel stockholdings and fabrication in the UK. It will also add substantially to the existing interest which Glynwed has in the U.S. construction industry through its Pittsburgh-based subsidiary, Cooper and Turner Inc.



## Shaw Carpets Limited

"Record profits—strong cash flow—good prospects"

James Hartley  
Chairman

Group results for 1978/79

	1979	1978
Sales	£600	£600
Trading profit	30,831	25,053
depreciation	2,878	1,972
interest	1,012	989
Pre-tax profit	221	234
	1,645	699

	p/share	p/share
Gross cash flow	30.7	21.9
Earnings	16.0	3.8
Ordinary dividends	4.0	2.5

one for one capitalisation issue of ordinary shares

Copies of the 1978/79 Report and Accounts can be obtained from the Secretary, Deane Mills, Darton, Barnsley, S75 5NH.

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## 1979 HALF YEAR RESULTS

Profit before tax for the first six months of 1979 was £9.8 million compared with £18.8 million and £6.3 million respectively in the first and second halves of 1978.

Sales and profit in the early part of this year were considerably curtailed by a strike at one of the Company's main UK plants and by the country-wide transport strike. The strength of sterling has severely affected UK export margins and volume; it also caused a substantial charge against profit arising from the revaluation of overseas net current assets. Good profits were achieved in Canada and Australia and gains were shown even after conversion into sterling.


The high capital investment programme continues though some delays were experienced in the early months of the year so that expenditure only amounted to £14 million in the six months (£43 million for the full year 1978).

The unaudited results for the first six months of 1979, together with comparative figures for the first and second halves of 1978, are shown below:

	1979	1978	1978
	1st 6 months	1st 6 months	2nd 6 months
Sales	177,899	177,195	164,883
Operating profit	11,940	20,041	6,992
Interest payable less received	1,569	1,233	654
Profit before taxation	9,751	18,808	6,338
Taxation	1,735	1,308	747
Minority interests	196	296	222
Profit attributable to stockholders before extraordinary items	7,820	17,206	5,369

NOTES:

- Taxation for the first six months comprised UK: £54,000 (1978: £398,000) Overseas: £1,681,000 (1978: £910,000)
- Extraordinary losses for the first six months amounted to £1,230,000 (1978: Nil) (mainly decrease in sterling value of overseas fixed assets less long-term liabilities)
- An interim dividend of 10p per Stock Unit (£11,012,000) was paid in May 1979 on the Ordinary Stock (1978: full year £23p per Stock Unit £5,301,000)
- The first half year preference stock dividend has been waived (1978: £52,000)



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UK COMPANY NEWS

Redland warns on first half

THE CURRENT year has started poorly for Redland. In comparison with Europe, which for 1978-79 accounted for over half of group sales, most of its businesses sustained losses in the first quarter and even in May snowfalls impeded deliveries.

Mr. C. R. Corness, the chairman, says the company, which provides materials and services to the construction industry, is hopeful of regaining some of the ground it has lost but that it cannot be retrieved and half year results will be adversely affected.

With the public sector spending cuts and high interest rates on private house buyers and industry, the present outlook in the UK is not encouraging. The company has not lost faith in the home market but present conditions place the emphasis on modernisation and increased efficiency within existing or over levels of capacity.

Against the dullness in the UK and Australia and the impact of devaluation of foreign earnings, however, there are signs of real advance in construction activity in Germany and some other favourable factors, including first contributions from the group's newly acquired U.S. businesses, he adds.

As known during 1978-79 the company, in partnership with its West German subsidiary Braas and Co, bought Automated Building Components and Seasonal Industries, in the U.S.

Further acquisition prospects are being examined but we are in no particular hurry. The overriding consideration is to assemble a group of complementary businesses capable of sustaining future profitable growth out of their own cash flows, Mr. Corness explains.

In a move outside its normal policy of development within the construction industry, Redland is uniting the activities of Sarasota Engineering and J. Agar Instrumentation, which it has just acquired, under the name of Redland Automation.

The latest move is to exploit Redland Automation's special skills in the fast-growing micro-electronic and electro-mechanical technology, the chairman says. Taxable profit in the year to March 31, 1979, climbed to a record £55m (£40m) on total sales of £307m (£230m). As reported June 29 the net dividend is stepped up to 6.55p

(422p). Short-term funds show a net outflow of £11.05m (inflow £8.82m) with bank overdrafts at year-end up from £4.44m to £17.18m. Loan capital stood at £44.99m (£26.62m). Net assets amounted to £195.1m (£170.88m). Debt equity ratio is shown at 22 per cent.

Authorised future capital spending in the UK amounted to £23.88m (£21.62m), of which £2.88m (£5.49m) had been contracted; and overseas, mainly for the calendar year 1979, it totalled about £11.9m (£10.94m). A further £14.35m had been authorised for the purchase of Seasonal.

An increase in authorised share capital from £27.5m to £30.0m by creation of 12.25m ordinary shares is proposed, to permit the company more flexibility to enter small transactions. Meeting, Plaisteads Hall, EC, on September 18, at 12.15 pm.

L. Gould advances to £102,000

ON turnover well ahead at £369,000, against £352,000, taxable profits of Laurence Gould and Co. reached £102,000 for the first half of 1979, compared with £73,000 last time.

Mr. Laurence Gould, chairman, says that with sales 63 per cent higher and trading profit of £136,000, some 71 per cent of the 1978 total, the company seems set for a full-year performance well ahead of last time. For the whole of 1978, the taxable surplus of the agriculture and agro-industries consultant was £134,000.

The directors' sights are now set on 1980, and they are working hard to build up a strong forward order book.

The chairman says the company is more than holding its own in the UK, but it is having to fight hard to win overseas contracts.

After tax for the half-year of £42,000 (£35,000), earnings per share are shown to have risen 57 per cent to 68p (43p). The net interim dividend is stepped up from 18.75p to 18.75p—last year's total was 17.5875p. Dealings in the company's shares are conducted under Rule 163/2.

Utd. Glass dips 44% midway

A sharp fall in pre-tax profits from £6.01m to £3.35m for the 28 weeks to June 16, 1979, is reported by United Glass, and the directors say it is unlikely that full year profits will reach the record £15.05m achieved last year.

Sales and profit of the group, jointly owned by Distillers and Owens Illinois Inc., were severely affected by the transport strike and subsequently the level of trading has not been sufficient to compensate for the earlier setback.

Sales for the first half amounted to £78.9m against £72.68m. Pre-tax profit is after interest of £648,000 (£450,000). No liability for corporation tax is expected on 1979 profits, the directors add.

The directors say the recent upward movement of sterling relative to other currencies has added to the problems of meeting foreign competition, both in the UK and in overseas markets.

Despite the reduction in profitability the group's investment programme has been maintained at a high level, the board states. Some £6m is to be spent on modernising and expanding the

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

Table with columns: Company Name, Meeting Date. Includes: American Trust, T. F. and J. H. Greimo, De Saers Consolidated Mines, Og Sava Industrial, Oulay Sira, Lambart, Hensworth, Hankinson and Shanghai Banking, Mysan, Ocean Transport and Trading, Tiger Oils and Neivest Milling, Apex Properties, Bond, Pabash, Capital and National Trust, West Trade Suppliers, Romcor.

furnace at St. Helens and about £2.5m on warehousing at Glasgow.

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Heron Corporation tops £8.2m: sales near £295m

ANOTHER successful year is reported by Heron Corporation with sales up from £265.5m to £294.5m for the 12 months to March 31, 1979, and pre-tax profits of £8.2m, against £6.52m, a rise of 26 per cent.

Net assets have increased to £70m while cash balances at the year-end were some £15m. An increase in share capital took place during the year by way of capitalisation of reserves and a scrip issue and the group's paid up capital now stands at £25m.

Mr. C. M. Ronson, chairman and chief executive says the group experienced an upturn in petrol retailing, with 17 new sites opened during the year and the management of a number of sites handed over to the major oil companies 166 locations were operating at the year end.

The publicly-quoted Heron Motor Group completed other areas of satisfactory progress. Pre-tax profit of £3.53m shows an increase of 15 per cent over the previous year. Heron has considerably increased leasing activity through joint ventures with Leonard Nix Central and with the Lloyds and Scottish Group.

The group had excellent support from Suzuki, their dealers and their customers and market share was significantly increased. Later in the year a lightweight car capable of over 50 miles to the gallon will be introduced.

Housing development returned to better margins. The current land bank with planning consent is sufficient for three years.

During the year two substantial new sites were acquired and Heron is discussing several inner city redevelopment schemes with local authorities. There are currently 18 sites under development.

There was satisfactory trading in watches, cutlery and electronic products. Innersoll Electronics secured the UK franchise for Atari TV games from Warner Communications Company, while Butlers of Sheffield, the cutlery company, again produced good results despite severe competition from low cost imports.

The property division had its most active year in the UK. The group's confidence in the key site at Rond Point des Champs Elysees in Paris is growing well founded, the chairman says.

Premium income of the insurance subsidiary, National Insurance and Guarantee Corporation increased 32 per cent to just under £26m. Investment income was a record £2.7m and overall profit approached £2m.

Overall sales at Shaw Carpets so far this year were ahead of last time, although the strong pound was having an adverse effect on exports. Mr. J. W. H. Hartley, chairman, said at the annual meeting.

He was confident that further progress would be made during the current year. In the last 12 months period, taxable profits reached £1.65m (£889,000). The new carpet ranges had been introduced successfully, he added.

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Chesterfield Properties' £51m surplus

A professional valuation of Chesterfield Properties' portfolio of investment properties has thrown up a surplus of almost £51m which will be transferred to reserves.

The valuation of £80m (compared with a book value of £29.08m) was on the basis of open market value at June 30, 1978, and will be incorporated in the 1979 accounts.

Based on the December, 1978, accounts the valuation indicates a net asset value of 365p per share. This is after taking into account the directors estimate of the surplus of £2.5m, over the book value of £162,000 attributable to the group's share of net assets of associates. The valuation also incorporates sites held for, or in the course of, development at cost.

In arriving at the net asset value no provision has been made for tax on capital gains which might become payable on realisation.

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Chas. Baynes up to £0.21m at midterm

Taxable profits of Charles Baynes, hacksaw blade manufacturer, rose from £200,807 to £211,484 in the first half of 1979, on turnover little changed at £1.04m, against £1.05m.

The directors say prospects for the remainder of the year depend upon the industrial climate and the future strength of sterling. For the whole of 1978, the taxable surplus reached a record £397,000 (£391,000).

For the half-year took £109,972 (£104,418), giving net profit up from £96,388 to £101,512. The net interim dividend is raised from 0.3p to 0.4p per 10p share—last year's total was 0.74816p.

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GP Finance £1m issue

Following Treasury approval the General Practice Finance Corporation has made an issue of £1m 12 1/2 per cent stock 1994 which will be taken up by the National Dept Commissioners in two instalments of £500,000 each—the first immediately and the second on September 14. The issue will be made at 99p per £100 stock.

The GPFC was set up for the

The GPFC was set up for the



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August 17, 1979

Companies and Markets

# MINING NEWS

## Western Mining makes sharp recovery

BY PAUL CHESSERIGHT

THE RECOVERY of the international nickel market and the buoyancy of the gold price have helped to lift the annual earnings of Western Mining Corporation by 14 per cent, thus providing the base for a final dividend payment of five cents (2.5p).

The Australian group yesterday announced that net earnings for the year to last June were A\$34.62m (£12.5m) compared with A\$10.06m in the depressed 1977-78 year. Earnings have now climbed back to the level of 1976-77, when profits reached A\$22.1m.

The declaration of the final dividend brings total payments to shareholders for 1978-79 to seven cents against three cents the previous year. Earnings per share were 11.9 cents compared with 4.9 cents.

The improvement in WMC's fortunes, widely expected because of metal price movements in recent months and broadly in line with trends in the industry, failed to lift the London share price, which closed yesterday at 160p, for a fall of 3p.

WMC's financial position began to strengthen in the first half,

when net profits were A\$5.04m, and appreciably hardened after January. Nickel sales in the first half were 47 per cent higher than in the comparable period of 1977-78, and over the whole year were 84 per cent higher at 49,900 tonnes.

The second half coincided with a marked recovery in nickel prices as the market absorbed the full implications of the Inco strike and earlier cutbacks in international producer capacity. WMC's sales revenue from nickel and its co-products thus rose by 77 per cent in 1978-79 to A\$19.2m.

At the same time, Central Norseman Gold, which is 51 per cent owned by WMC, received an average price of \$198 an ounce for its gold, \$50 more than in the previous year. Although a strike held back output, net profits nevertheless climbed to A\$2.5m in the year to June, from A\$5.7m in 1977-78.

On the debit side, WMC said that it doubted whether the Jurep Bay mineral sands plant could be economically re-started and it has therefore made provision for a loss of A\$2.4m.

Such a sum, however, is small relative to the vast amounts

which will be invested in joint ventures where WMC is the main shareholder, notably the Veclirra uranium project in Western Australia and the Olympic Dam copper-aluminum-gold prospect in South Australia. At Veclirra, Exxon of the U.S. and Urangessellschaft of West Germany are in partnership with WMC. Urangessellschaft is to pay A\$9m for a 10 per cent stake. WMC said. A third of this has already been paid.

British Petroleum is WMC's joint venture at Olympic Dam. The oil group has decided to exercise an option to participate in a further joint venture for exploration outside Olympic Dam. BP will spend A\$10m over three years and then select 10 separate areas, each of about 65 sq km, in which it can maintain a 49 per cent interest by spending a further A\$10m in each area.

These joint ventures promise to speed WMC's growth in the 1980s but the group's immediate prospects are clouded by the possibility of a downturn in the international nickel market, caused by recession and the resumption of production at Sudbury.

## News Ltd. leaves Alwest

MR. RUPERT MURDOCH'S group, News Ltd. has withdrawn from the A\$900m (£308m) Alwest bauxite-alumina project in Western Australia. The project has been re-named Worsley after the hamlet outside the coal producing town of Collier.

The withdrawal of News Ltd. was announced yesterday by Broken Hill Proprietary, which now holds 20 per cent of the venture whose future has been the subject of discussion and shifting shareholdings for nine years.

The original plan for the venture was to use bauxite reserves held by BHP and News Ltd. in the Darling Range outside Perth as the raw material for an alumina plant at Wagerup. The plan was scaled down and the plant site changed after Alcoa of Australia pulled out two years ago.

Apart from BHP, the main shareholders in the Worsley project are Reynolds Metals of the U.S., whose interest has been consistently 40 per cent, and BHP, the balance of 20 per cent. A Japanese consortium, led by Kobe Steel, holds the balance of 10 per cent.

The Worsley partners have recently been completing environmental studies with a view to the construction of a plant which would be fuelled by Collier coal.

The project has been watched and encouraged by the Western Australian Government, which has been concerned to develop alumina and aluminium capacity in the state. The Government had once hoped that plant construction would start in 1978 and be completed in 1981.

The Worsley project is one of three bauxite-alumina ventures in the state. Alcoa of Australia is planning a plant at Wagerup while Cominco Ltd. of Australia is making a feasibility study of a deposit at Mitchell Plateau which could lead to it taking a majority holding.

## Debswana expansion ceremony

THE MAJOR expansion of the Orapa and Letlhakane diamond mines in Botswana putting that country among the world's leading producers, was formally inaugurated at the weekend by Sir Seretse Khama, the Botswana President, reports Quintin Peel from Johannesburg.

A virtual doubling of capacity at Orapa, giving it the largest diamond treatment plant in the world, was commissioned last October and finally reached capacity in June, increasing the

annual output of the mine from 2.5m to 4.1m carats.

At the same time the treatment plant at the neighbouring Letlhakane mine has been commissioned since May, and is expected to raise production from 330,500 to 400,000 carats a year by the end of 1979.

The mines are operated by Debswana, the joint company owned equally by De Beers and the Botswana Government, and the ceremony underlined the much-improved relations be-

tween the two partners, since the Botswana Government renegotiated its stake in the company in 1974.

In addition, Debswana is developing another major project at Wagerup, in the far south of Botswana, which is expected almost to double the national diamond output to 8.7m carats. That would amount to more than 40 per cent of De Beers expected capacity in 1983, although rather less in terms of gemstones.

Sir Seretse said at the ceremony that "we are pleased with our partnership," and Mr. Harry Oppenheimer, the chairman of De Beers, said the partnership was responsible for greater stability in the Botswana economy.

The only bone of contention between the Debswana partners now appears to be the Botswana Government's desire to open the township at Orapa to the general public, while De Beers traditionally enforces total security on diamond mines and their townships.

The Botswana President announced that a new headquarters for the Botswana Diamond Mining Company, a Debswana subsidiary which owns the output of the Botswana mines, was to be built in Gaborone. He also confirmed plans for a diamond cutting operation to be established in the Botswana capital by the Belgian company, Mabrodiam.

## MITSUI IN COAL VENTURE TALKS

The Mitsui group is negotiating with Gulf Oil of the U.S. and Ruhrkohle of West Germany over a "creation of a joint coal liquefaction company," reports Richard C. Hanson from Tokyo.

The Japanese and German interests would each hold 25 per cent and Gulf the rest. According to Mitsui, the joint venture would build a 2,700m (2,115.5m) plant in West Virginia by 1985. The Japanese share of the costs would be \$175m.

The plant would use a process of coal liquefaction known as the Solvent Refined Coal formula, with which Mitsui gained experience in World War Two. Mitsui said the details were being negotiated but one report said the three partners would conclude a cross licensing agreement so that SRC patents developed by the three could be used equally.

Following a review of its income-tax expenses, Mitsui has been going on for about a year.

## Round-up

South African gold production was steady last month at 1,895,694 ounces, slightly higher than a restated 1,884,581 ounces in June. The latest statistics from the Chamber of Mines show that the cumulative total for the first seven months of the year at 13,201,318 ounces is running fractionally ahead of the 13,157,248 ounces recorded at the same time in 1978.

Lyell Mining, the Tasmanian copper producer in the Gold Fields group, has revised its net profits for the year to June downwards to A\$428,000 (£165,000) from A\$791,000.

Mitsui Mining of Japan may take a 5 per cent stake in the Drayton steaming coal project in New South Wales, currently owned by Thiess with 55 per cent and Shell with 45 per cent. Mitsui's stake would come from the Shell holding. Talks have been going on for about a year.

## Cowan de Groot ahead

THE CURRENT year has started well for Cowan de Groot, with sales throughout toys, giftware, electrical, wholesaling and hardware and machinery group ahead of last time, Mr. Derrick Cowan, chairman, says in his annual statement.

Provided the inflation rate can be contained, the directors look forward to sustaining the progress. They confidently anticipate another favourable result this year and a further increase in the dividend.

As reported on August 8, pre-tax profit rose from £1.92m to a record £2.2m for the year to April 30, 1979. The net dividend total is raised 30 per cent from 2.30p to 3p a 10p share and to mark the 60th anniversary of the business—a one-for-one scrip issue is proposed.

The chairman says a current revision of group forecasts and leaseholds has revealed a surplus of £1.4m.

Group finances remain strong. It continues to hold ample reserves, while facilities exist to support plans for expansion. During the year, the first £250,000 of the medium-term loan was repaid to County Bank, leaving the next repayment of £500,000 due in 1980.

In the toys and giftware division, Cowan de Groot (Toys and Sales) has had a satisfactory selling year although the increased turnover was not matched by a corresponding improvement in earnings. Margins were under pressure partly through operating costs in the new warehouse and also through substantial overhauls and increased interest charges.

An encouraging start has been made to the current year, the chairman adds. And, with sales well ahead plus the strong pound, the company should show a significant increase in profits.

D. Decker and E. Derrick, who produced good results while being able to make the most of the Kaufmann promises well for the future. Steps are being taken to ensure the future progress.

to improve the disappointing outcome at Carson Baker. The current forward sales position throughout the toys and giftware division exceeds that of the same period last year, and another prosperous Christmas season is anticipated.

Of the electrical and hardware division, the chairman says A. Berkeley, of Birmingham, and H. and J. Supplies, of Chester, have amalgamated. New premises in Birmingham and Manchester should be operational early in 1980.

Corson Randow continues its progress, and turnover increased sharply at Electrical Wholesalers.

Results of the Russian Shop division were again satisfactory. New retail premises are planned in the West End.

The machinery division has continued to progress, apart from the trading results and subsequent closure and closure losses of Millbrook Plastics.

An analysis of turnover and pre-tax profit shows (£000): toys and giftware 9,300 and 756 (5,847 and 598); electrical and hardware 2,400 and 1,246 (20 and 1,105); Russian Shop 450 and 56 (406 and 55); machinery 4,663 and 143 (4,332 and 157).

Meeting, Aberdeen Rooms, EC, on September 14, at noon.

## Chamberlain Phipps/Delta Mouldings

Chamberlain Phipps is acquiring Delta Mouldings (Luton). Chamberlain says that Delta has interests in North America which are complementary to the moulding division's present operations in this area.

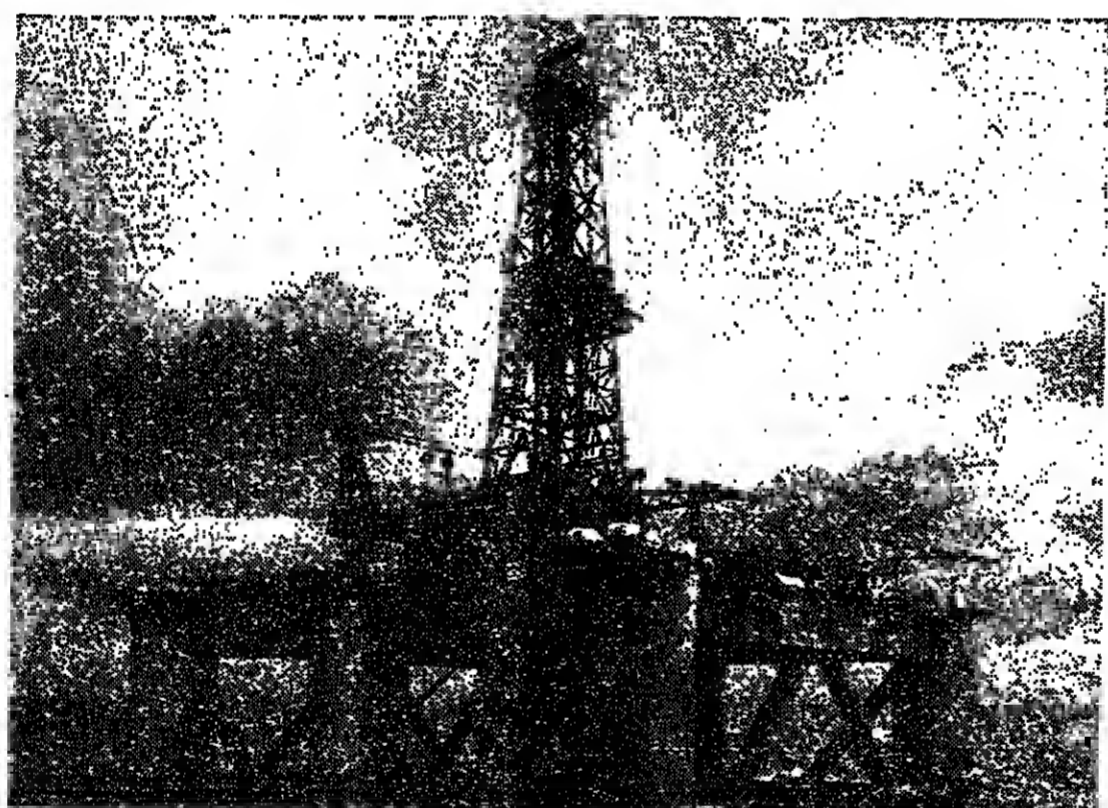
The directors of Delta claim that the acquisition will be a significant step in the company's development programme and so the future. Steps are being taken to ensure the future progress.

## Tenneco Six Month Report:

# Long-term commitment to energy exploration helps increase earnings 22%.

A strong performance by Tenneco's integrated oil operations led the way to record high earnings for the first half of 1979. Net income increased 22 percent and earnings per common share, fully diluted, increased 19 percent.

This growth reflects a continuing and growing commitment by Tenneco to energy. During 1979 alone the Company will invest more than \$800 million in energy exploration



This Tenneco well in the Baltimore Canyon area of the Atlantic Ocean was tested during the second quarter at the rate of 12 million cubic feet of natural gas and 630 barrels of oil per day. Only additional drilling and testing can determine its commercial potential.

**Investor Information**  
Common stock: Traded on major U.S. and international exchanges  
Price at 6/29/79: \$34 7/8  
Price/earnings ratio: 7:1  
Composite daily volume:  
Second quarter—80,605 shares  
Latest 12 months—76,153 shares  
High/low price range:  
Second quarter—\$35 high; \$30 1/4 low  
Latest 12 months—\$35 high; \$29 low  
Dividends:  
Latest payment (6/12/79)—\$.55 per share  
Current annual rate—\$2.20 per share  
Current yield (6/29/79)—6.3%

and development, and is active in all major on-shore energy areas as well as in the Gulf of Mexico and the Atlantic Frontier.

This activity resulted in increased production of oil and natural gas which, along with higher prices and improved profit margins on refined products, were responsible for Tenneco Oil Company's strong performance. Production of crude oil and condensate was up 18 percent for the first six months, and natural gas production increased 16 percent.

Two other major operating divisions of Tenneco—chemicals, and construction and farm equipment—also made substantially greater contributions to earnings than last year.

Net income was \$279 million in the half, compared with \$228 million in the same period last year. Fully diluted earnings per share were \$2.54 vs. \$2.13.

Operating revenues were also up—\$5.2 billion as against \$4.2 billion in the first six months of 1978.

For the second quarter, net income was up 30% and fully diluted earnings per share, 28%.

Tenneco expanded its oil and gas holdings during the second quarter. With another company, Tenneco acquired properties in Oklahoma, Kansas and Texas containing net proved reserves of about 740 billion cubic feet of natural gas, 2.2 million barrels of oil, 800,000 barrels of natural gas liquids and 350,000

Financial Highlights (Millions Except Per Share Amounts)	First Half		
	1979	1978	Per Cent Change
Net sales and operating revenues.....	\$5,183	\$4,192	+24
Net income.....	\$ 279	\$ 228	+22
Earnings per share of common stock:			
Average shares outstanding.....	\$ 2.63	\$ 2.24	+17
Fully diluted.....	\$ 2.54	\$ 2.13	+19
Dividends per share of common stock.....	\$ 1.10	\$ 1.00	+10
Average number of shares outstanding.....	100	95	+ 5
Capital expenditures.....	\$ 453	\$ 370	+22

undeveloped acres. In another project, Tenneco agreed to purchase producing and non-producing properties in Colorado, Utah, Wyoming and New Mexico. In another move, Tenneco agreed to purchase U.S. and Canadian properties which include 1 million non-producing acres and 122,000 producing acres.

We continue to believe strongly that increased investment in energy will pay off for our company, our shareholders and our nation.

Although energy makes up two-thirds of our business, Tenneco supplies other basic needs like food, automotive components, chemicals, ships, packaging, farm and construction machinery, and insurance. That's Tenneco today: growing in energy...and more.

For more information about Tenneco, write Tenneco Inc., Section X-5, P.O. Box 2511, Houston, TX 77001.

TENNOCO OIL    TENNESSEE GAS TRANSMISSION    JI CASE    TENNECO AUTOMOTIVE    TENNECO CHEMICALS  
NEWPORT NEWS SHIPBUILDING    PACKAGING CORP. OF AMERICA    TENNECO WEST    ALBRIGHT & WILSON LTD.

# Tenneco

TENNOCO COMPANIES IN THE UNITED KINGDOM  
ALBRIGHT & WILSON LTD.    JI CASE COMPANY LTD.    DAVY BROWN TRACTORS LTD.    GLOUCE PETROL OIL SALES LTD.    HARMO INDUSTRIES  
FOCIAN LTD.    TENNECO CHEMICALS EUROPE LTD.    TENNECO INTERNATIONAL HOLDINGS LTD.    TENNECO WALKER (UK) LTD.

سكنا من النحل

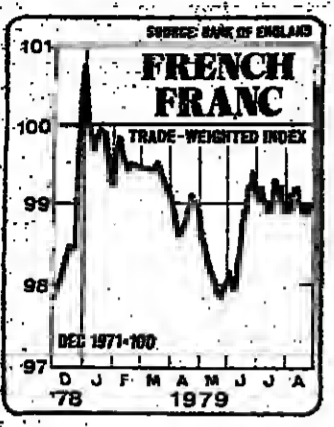


CURRENCIES, MONEY and GOLD

Sterling up on trade figures

STERLING was the major currency of interest in otherwise very quiet foreign exchange trading yesterday. Most currencies, including the U.S. dollar, showed little change at the day's end. The pound was depressed in early trading, ahead of the UK trade figures for July. It opened at \$2.2110-2.2100 and to a low of \$2.2060-2.2070, where the Bank of England may have intervened in the market.

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THE POUND SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, Three months, Six months. Lists various currencies and their rates.

THE DOLLAR SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, Three months, Six months. Lists various currencies and their rates.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on August 20, 1979. In some cases rates are based on direct quotations available in the market. In other cases they are calculated from those of foreign currencies to which they are linked. Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any other country.

Large table with columns: PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING. Lists numerous countries and their exchange rates.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies, including Sterling, U.S. dollar, Canadian dollar, etc.

OTHER MARKETS

Table showing other market data, including gold prices, silver prices, and various commodity prices.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various countries, including Belgium, France, Germany, etc.

EXCHANGE CROSS-RATES

Table showing exchange cross-rates for various currencies, including Pound Sterling, U.S. Dollar, Deutsche Mark, etc.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies, including Sterling, U.S. Dollar, etc.

INTERNATIONAL MONEY MARKET

Table showing international money market data, including gold prices, silver prices, and various commodity prices.

Paris rates steady

Money market rates were steady in Paris yesterday, with day-to-day money unchanged at 10 per cent. At yesterday's tender the French authorities bought first category paper at an unchanged rate of 10 1/2 per cent. The maturing dates for the paper were between August 24 and August 30, and on September 5. One-month deposits in the domestic franc market were unchanged at 10 1/2-10 1/4 per cent, and three-month at 10 1/2-10 1/4 per cent, while 12-month were unchanged at 10 1/2 per cent.

Gold weaker trend

Gold opened at \$299 1/2-300 1/2, the highest level of the day, and was fixed at \$299 1/2 in the morning. In the afternoon it fell to \$298 1/2. Trading was fairly active, and the metal closed at \$298 1/2-299, a fall of \$1 1/2 on the day. In Paris the 12 1/2 kilo gold bar was fixed at FF 43,200 per kilo (18315.19 per ounce) in the afternoon.

UK MONEY MARKET

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979). Day-to-day credit was in very short supply in the London money market yesterday, and the authorities gave exceptionally large assistance by buying a moderate amount of Treasury bills from the discount houses and banks. They also bought a small number of local authority

MONEY RATES

Table showing money rates for various currencies, including Sterling, U.S. Dollar, etc.

Exceptional assistance

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Foreign exchange. We deliver. Competitively. Test us. Midland Bank International advertisement.

MISR REAL ESTATE & TOURISTIC INVESTMENT CO advertisement. Includes text about long-term loans and company details.

INVEST IN 50,000 BETTER TOMORROWS! Advertisement for Multiple Sclerosis Society.



NORTH AMERICAN NEWS

Omark Industries growth slows in fourth quarter

BY OUF FINANCIAL STAFF

NET EARNINGS rose by one third last year at Omark Industries, the power cutting chain manufacturer, although there were indications of a slow down in the final quarter. Earnings for the full year put on 33 per cent to \$20.8m, with share earnings at \$5.94 against \$4.10 in 1978. Sales gained 21 per cent to \$205.5m.

\$1.29 compared with \$1.47. At \$47.3m, sales were 4.2 per cent higher. Profits have been rising sharply in the past few years, partly because of increasing sales volume and partly because of a favourable profit mix. Better profit margins have also helped, notably those from the chain-making operations which last year returned 68 per cent of total earnings on 46 per cent of sales. Other major business areas include sporting ammunition with 20 per cent of sales and 15 per cent of profits, loaders with 18 per cent of sales and 12 per cent of profits, and fasteners with 18 per cent of sales and 3 per cent of profits.

Meanwhile the group has set up a management team for the new cutting tool division. But, reflecting start-up costs and other expenses, this division is not thought likely to become profitable until the mid 1980s.

Automatic Data makes progress

NEW YORK—Automatic Data Processing expects to report a 20 per cent rise in net income for fiscal 1979, according to Mr. Frank R. Lautenberg, chairman of the computing services group, while earnings for fiscal 1980 are expected to advance about 15 per cent. Net income for 1979 should reach about \$23m or \$2.21 a share, compared with \$21.3m or \$2.14 a share for the previous year, the executive said. These results would be in line with the \$2.20 a share estimate for fiscal 1979 that Mr. Lautenberg

made last February. Automatic Data expects to report a revenue of \$371m for 1979, up 24 per cent from \$299.3m for 1978. Mr. Lautenberg added. The company's 1979 estimate indicates that fourth-quarter revenues advanced by 21 per cent from \$49.5m to \$58m. It also indicates that fourth-quarter earnings rose to \$9.4m or 64 cents a share from \$7.9m or 53 cents a share a year earlier. The company's biggest operating division, commercial ser-

vices, showed the strongest gains in fiscal 1979, though the other groups also performed strongly. The commercial services group provides payroll processing and other basic services. The biggest factor behind the gains in revenue was the addition of new customers. Mr. Lautenberg said. The company currently serves about 75,000 clients, up about 40 per cent from a year ago. The typical client is a small company with about 70 employees. AP-DJ

Research Cottrell acquisition

By Our Financial Staff

RESEARCH - COTTRELL, a Somerville, New Jersey-based manufacturer of pollution control equipment, is to enter the electric power energy conversion field. The company has reached agreement to buy an interest in Altran Electronics, a private company with a pattern system for limiting and managing electrical utility loads. The agreement provides for Research-Cottrell to acquire an initial 25 per cent stake in Altran, which is based in Harbor City, California. Research-Cottrell also has an option to buy all of the equity interest in Altran over a five-year period. The purchase price of the deal was not disclosed.

For the third quarter ended on July 31, Research-Cottrell turned in a 4.8 per cent increase in net income from \$2.29m or 53 cents a share to \$2.39m or 55 cents. Sales rose by 25.8 per cent to \$7.6m. For the nine months, net income was off \$2.5 per cent at \$4.25m or 95 cents a share, from sales 10 per cent higher at \$196.8m.

Texas Utilities below forecast

BY OUF FINANCIAL STAFF

NET INCOME at Texas Utilities Company for the first half of 1979 is running slightly below forecast, but the prediction by Wall Street analysts of earnings of \$2.70 a share at the year-end seems safe enough. In view of the rate increase decisions pending for both Texas Electric and Dallas Power.

Texas Utilities, which serves an extensive and expanding area in central and eastern Texas, reported a 13.8 per cent increase in net earnings to \$217.2m for the year to July 31, with share

earnings at \$2.61 against \$2.49. Sales, at \$1,700m, show an 11.8 per cent gain. This suggests a slight slip down from the 12 months to May 31, when sales were 16 per cent up and operating income 20 per cent higher. A similar reduction in the pace of growth is indicated by the results for the three months to July 31, which show increases of 12.5 per cent to \$33.9m in earnings and 6.8 per cent to \$47.1m in sales. But the predictions of earnings growth for 1979 were based upon greater kWh sales and also upon the expectation of higher rates. Of the major operating subsidiaries, Texas Electric filed for a \$65m rate increase in May, and Dallas Power sought one of \$77m in April. A growth rate of about 4.4 per cent in sales of electric kWh until 1981 has already been forecast by the company. To meet future needs, construction costs of \$2.1bn between 1979-81 are estimated.

The company's plants are at present largely gas-fired (88 per cent), with lignite fueling 41 per cent, and oil 1 per cent. It is intended to integrate coal and nuclear stations into the company's production system. About 40 per cent of revenues comes from residential customers, with commercial users representing 27 per cent, industrial 27 per cent, and others 1 per cent. Some 95 per cent of kWh sales are protected against rising fuel prices by adjustment clauses.

AP-DJ

Sharp increase at Wal-Mart

By Our Financial Staff

DISCOUNT STORES concern Wal-Mart Stores recorded net income for the second quarter of \$8.4m compared with \$6.49m, on sales ahead sharply from \$304.1m to \$391.1m. Per share earnings rose from 41 cents to 49 cents. At the halfway stage, Wal-Mart had net income of \$15.57m or \$1.02 a share against \$11.29m or 74 cents. Sales for the six months advanced from \$371.1m to \$530.3m.

Johnson Controls sees upturn

NEW YORK—Johnson Controls' battery business problems are easing, and the company's earnings should start to rebound after the slump in the third quarter ended June 30, according to Mr. Fred L. Bruegel, the president and chief executive.

Johnson Controls doubled its size last October by acquiring Globe-Union, a major maker of automobile batteries, but the battery business has taken a turn for the worse this summer. For one thing, the price of lead used to make car batteries nearly doubled to about 60 cents a pound, Mr. Bruegel said. Also workers at six battery plants went on strike. Now, however, the price of lead has dropped slightly and the strikes are settled at all but one of the six plants. As a result, net income for the fourth quarter ending September 30 should be "about even" with the 87 cents a share that the company earned in the comparable quarter a year ago.

on a proforma basis, Mr. Bruegel said. Proforma figures include Globe-Union's results as if Johnson had already acquired the company. For the fiscal third quarter ended June 30, Johnson reported net income of \$5.2m or 38 cents a share on sales of \$222.6m, including Globe-Union's results. Earnings per share were down nearly 30 per cent on both a proforma and an actual basis. AP-DJ

AP-DJ

Fuqua drops bid for Hoover stake

Fuqua Industries is ending its efforts to buy about 40 per cent of Hoover stock owned by members of the Hoover family. AP-DJ reports from Atlanta. Fuqua said the purchase would have been the first step towards a merger of Hoover into Fuqua. In May Fuqua offered \$22 a share for the stock. Mr. J. E. Fuqua, chairman, said Hoover is no longer a logical buy at \$22. Also, he thought it could be done as a year before all litigation regarding the offer was resolved.

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Chicago Bridge down half time

NEW YORK—The Illinois-based Chicago Bridge and Iron Company, which manufactures steel plate structures, experienced a slight downturn in both sales and net income for the second quarter of the current financial year. Net income fell from \$12.83m or \$1.34 a share to \$11.04m or \$1.21, on sales down from \$135.5m to \$128m.

Chicago Bridge and Iron reported a net income of \$21.4m or \$2.32 a share compared with \$23.05m or \$2.41 last year. Sales for the six months rose from \$236.7m to \$233.4m. The order backlog at the halfway stage was \$1.69bn compared with \$1.46bn last year. The New Jersey-based publisher Prentice-Hall had net income for the second quarter of \$11.4m or \$1.14 a share compared with \$12.83m or \$1.34 a share for the same period last year. Sales for the six months rose from \$236.7m to \$233.4m. The order backlog at the halfway stage was \$1.69bn compared with \$1.46bn last year. The New Jersey-based publisher Prentice-Hall had net income for the second quarter of \$11.4m or \$1.14 a share compared with \$12.83m or \$1.34 a share for the same period last year.

reported by Thomson News Agencies

RESULTS IN BRIEF

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FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these, or other bonds see the complete list of FT bond issues published on the second Monday of each month. Closing prices on August 20

Table with columns for U.S. DOLLAR, DEUTSCHE MARK, and CONVERTIBLE bonds, listing various international bond issues with their respective prices and yields.

EUROBONDS

Quiet day in dollar sector

THE EURODOLLAR bond market continued to drift yesterday in trading depressed by higher short-term U.S. interest rates and seasonally subdued conditions.

According to market participants, one of the market's major clearing systems, Euroclear, is now setting a rate of 11 1/2 per cent for overdraft facilities, up from 11 1/4 per cent in recent weeks. The cost of carrying inventories of dollar bonds, at the current negative rates when most paper yields around 10 per cent, is currently becoming a major market talking-point. But rumours of exceptional distress selling among certain investment banks were not taken seriously by most participants. There have been few signs of serious liquidation in recent days, although it is acknowledged that a growing number of banks are moving towards a reduced inventory of bonds.

because of the current uncertain outlook. One source of demand which has been building up has originated among sinking funds, which have been active at some of the deep discounts available on a wide variety of stocks, dealers said. Elsewhere, Deutsche-Mark foreign bonds saw little activity ahead of the new monthly calendar due to be set by the Capital Markets Sub-Committee. Bank Handlovy of Poland, which is currently arranging a floating rate note in Swiss francs, earlier privately placed an issue for Swfr 45m with a maturity of five years, at a coupon rate of 4 per cent and an issue price of par. Lead managers were Trade Development Bank and Sodite.

Chase Manhattan Bank is organising a consortium to offer a \$325m 12-year Eurodollar loan to Taiwan, according to the director of the monetary department, Mr. Richard Chi. Agencies report from Taipei.

PAPUA, NEW GUINEA

Steady progress to financial maturity

BY PHILIP BOWRING IN HONG KONG

THE FINANCIAL maturity of Papua New Guinea continues apace. It has recently signed its second loan — for \$36m — with a group of foreign bankers and, in the words of Finance Minister Mr. Barry Holloway, the country intends to become a regular but modest borrower on the world's commercial paper markets.

Papua New Guinea does not have any particular need for the money at this time as its budget and foreign exchange revenues are being boosted by good prices for almost all its export commodities — coffee, copper, timber, gold, coconuts and palm oil. The nation is running a substantial balance of payments surplus and foreign exchange reserves now total \$30m kina (\$470m) equivalent to eight months' imports payments. But it wants to establish itself as a name in the market, and to prepare for the time when it may be more in need of commercial loans.

For the medium term, the country sees its gross commercial borrowing requirement as not more than \$50m a year. However, it seems likely that such borrowings will become a factor in Government budgeting as the nation strives to reduce its dependence on Australian grant aid.

This year, Australia is meeting about 30 per cent of a total budget of around \$300m kina. This is half the 60 per cent Australian funding rate at the time of becoming self-governing in 1972. It is intended to reduce the aid level by an annual rate of at least 2 per cent of the Budget. To achieve this goal, budget outlays are aimed to be held to an increase in real terms of only 3 per cent a year, little more than the population growth rate, and less than the 5 per cent expected growth in the gross national product.

If commodity prices are favourable or new projects, such as the OK Tedi copper and gold project, now expected to be operational by 1983, come on stream, the rate of reduction of dependence will be speeded up. Meanwhile, borrowings from commercial banks and international institutions are re-

garded as more politically acceptable than reliance on Australian grants—though they are more expensive. At present Papua is getting about \$50m a year from sources such as the World Bank and Asian Development Bank, as well as funds from Japan, Germany, Kuwait, and elsewhere.

At present commercial borrowing and non-Australian aid account for about 20 per cent of the budget, and internal revenue for 50 per cent. The main constraint on project borrowing is lack of implementation capacity for projects. The debt service ratio is around 5 per cent and is not expected to rise significantly on its borrowings.

Whatever the figures, Papua seems determined to continue to follow the same cautious, hard currency policies it has pursued since independence. The kina has appreciated by nearly 25 per cent against the Australian dollar since the tie between the two was ended in 1973 and is now linked to an import weighted currency basket. However, Papua does need to encourage import substitution, with 70 per cent of each additional kina earned being spent on imports. This is partly because of the absence of local manufacturing industries. But also, it reflects a preference for imported foodstuffs, which the Government would like to reverse.

Meanwhile, if commodity prices move against it, Papua (population 3m) has the cushion of reserve and stabilisation funds built up in recent times. The coffee fund alone contains some \$170m.

This announcement appears as a matter of record only.

SYDKRAFT AB

US \$40,000,000

Ten year Floating Rate Multi-currency Loan

Hambros Bank Limited

Crédit Lyonnais

Scandinavian Bank Limited

Skandinaviska Enskilda Banken

Société Générale (France) Bank Limited

The Mitsui Bank, Limited

Toronto Dominion Bank

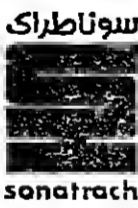
Westdeutsche Landesbank Girozentrale

Agent Bank

Hambros Bank Limited

August, 1979

This announcement appears as a matter of record only.



SONATRACH

Société Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures.

U.S. \$25,000,000

Medium-Term Loan

Guaranteed by

Banque Extérieure d'Algérie

Managed by

Marine Midland Limited

Mellon Bank, N.A.

Midland Bank Limited

Provided by

Marine Midland Bank

Mellon Bank, N.A.

Midland Bank Limited

First City National Bank of Houston

Republic National Bank of New York

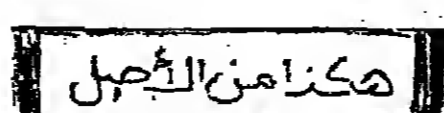
Crocker National Bank

Union Méditerranéenne de Banques

As Agent

Mellon Bank, N.A.

6th June, 1979





COMPANIES AND FINANCE

THE STRUGGLE FOR CONTROL OF ANSETT

Sir Reginald negotiates a ceasefire

BY JAMES FORTH IN SYDNEY

ANSETT TRANSPORT Industries and Ampol Petroleum have agreed to call a halt to their market battle which has resulted in the two companies trading more than \$200m of shares in each other.

the impasse. A short statement from Ansett after the meeting said that Sir Reginald and Mr. Harris had reached agreement "to the mutual benefit and interest" of both companies.

which it would limit its Ansett holding to 23.9 per cent, limit its voting rights to 10 per cent, and not sell any Ansett shares until Ansett had first been given the right to seek buyers.

Holmes a Court, which recently bought 12.5 per cent of Ansett. Mr. Holmes a Court has previously stated that Bell group intends to resume buying if the price of Ansett shares again drops below \$1.40.

Danish bank lifts surplus

By Hilary Barnes in Copenhagen

COPENHAGEN Handelsbank's first-half operating profits rose 44 per cent to Kr 21.4m (€ 244.9m (\$57.9m)), the bank reports. Activities in all sections have grown strongly and first-half earnings were described as satisfactory.

AUSTRIAN TYRE INDUSTRY

Public relations flourish by new broom at Semperit

BY PAUL LENDVAI IN VIENNA

CAN ONE of Austria's ablest young businessmen, Dr. Franz Leibenzfrost, save Semperit, the tyre and rubber concern, badly hit by mounting losses which last year alone reached Sch 615m (\$47m)?



Dr. Franz Leibenzfrost

Dr. Leibenzfrost began with a shake-up in order to reassert corporate identity and to strengthen the awareness of "we are all in the same boat" philosophy.

From the start, Dr. Leibenzfrost's trump card in getting to grips with the critical situation has been public relations. But the new man at the helm is himself not exactly the prototype of a conventional manager.

Cash support of this standing demands unpopular measures—in Semperit's case putting the company on a self-supporting basis. It is in this crucial field that Dr. Leibenzfrost achieved a success within six weeks of his appointment.

Guthrie Bhd in Malaysian joint venture

By Wong Sulong in Kuala Lumpur

GUTHRIE Berhad has announced a joint venture with Malaysian interests to take over the distribution of its fertiliser business to conform with the Government's new economic policy.

Since the break-up in January this year of the Swiss holding company, Semler, set up in 1973 to link Semperit with the French group, Kloeber-Colombes, the future of the Austrian tyre-maker has become the subject of intense speculation.

The Austrian company needs an infusion of both talent and new capital. Semperit's troubles are due to a combination of factors. In addition to the general depression of the European tyre market, the Austrian tyre-maker has also been adversely affected by the impact of the dismantling of tariffs between Austria and the EEC which eliminated the protective walls erected around Semperit's domestic market.

Technological changes further sharpened the difficulties of the company, which in its plants in Traiskirchen in Lower Austria, in Dublin and in a joint venture in Yugoslavia can boast only of a combined daily output of some 14,000 tyres of its kind for example, with a daily output of 70,000 for Conti Gummi in Germany and 300,000 for Michelin, the giant French concern which also controls Kloeber. Semperit has a total production staff of 13,500 and a turnover of some Sch 7bn. But the company has to shrink in order to survive.

Earnings rise for ASEA South Africa

By Our Johannesburg Correspondent

ASEA Electric South Africa, in which the Swedish heavy electrical group, ASEA, has a 47 per cent stake, has reported a 33 per cent jump in pre-tax earnings to R2.5m (US\$3m) on an undisclosed turnover.

Directors said that an increase in demand for electrical generating capacity due to the sharp rise in oil costs was behind the improvement.

The first half earnings per share was 23 cents against 17.5 cents at the interim stage in 1978 and directors have doubled interim dividend to 5 cents a share.

The company's share price rose 20 cents to 280 cents after the news reached the Johannesburg stock exchange.

WUH profits ease

BY CHARLES BATCHELOR IN AMSTERDAM

PROFITS OF the Dutch mortgage bank, Westland Utrecht (WUH), fell slightly in the first half of 1979. The bank, which is the largest of its kind affiliated to a commercial banking group, nevertheless said it considered the result satisfactory and that it was able to maintain its market position.

It expects the result for the year as a whole to be lower than the €1.61m earned in 1978 because of the large number of economic uncertainties.

Operating profit fell 5 per cent to €1.58m (US\$27.6m) in the first half of 1979 while, at the net level, profit was 3 per cent down to €1.27m. Group revenue rose 27 per cent to €1.597m.

The value of house mortgages granted was lower than in the first half of 1978, although more

mortgages on commercial property were agreed. About 9,200 mortgages worth Fl 1.5bn were agreed compared with 12,200 worth Fl 1.53bn in 1978. The value of outstanding mortgages, after allowing for redemptions, rose Fl 1.11bn to Fl 11.6bn.

WUH began new property development projects worth Fl 144m in the first six months compared with Fl 131m last year. There has been a slowing down of the rate of sales of property developed, it said.

The results benefited from a number of unspecified non-recurring items, some of which came from minority holdings.

The bank borrowed a net Fl 1.31bn on the money and capital markets in the first half, compared with Fl 1.1bn in 1978, bringing total borrowings to Fl 11.9bn.

South African companies seek more cash

BY JIM JONES IN JOHANNESBURG

JOHANNESBURG Consolidated Investment (JCI), the mining finance house, and French Bank, 54.4 per cent owned by Banque de L'Indochine et de Suez and 30 per cent by Union Corporation, have joined the growing queue of South African companies seeking new cash from the nation's institutional and private investors.

JCI is seeking to raise R40m through a private placing of variable rate cumulative redeemable preference shares. Officially, the rationale for this issue is that it will enable JCI to take advantage of new business opportunities as they arise by increasing its financial flexibility.

However, the company recently acquired 7.12m Rustenburg Platinum shares at a price of R18.4m from Transvaal Consolidated Land. This followed JCI's acquisition of Cape Industries' asbestos mining operations in South Africa. The Rustenburg share purchase, which consolidates JCI's control of that company, may have

squeezed JCI's liquidity at a time when many Johannesburg investors are expecting an early announcement on new uranium mining developments in the Cape province as well as gold and uranium mining developments near the Randfontein mine 25 miles west of Johannesburg. JCI's latest preference issue is expected to carry an initial coupon of 8 per cent and have a life of seven years.

The bank has traditionally been involved in financing of South Africa's agriculture exports, particularly the wool clip. But following its recent

IC Industries sales at record high for first six months.

Table with 4 columns: Item, 1979, 1978, % Change. Rows include Sales and Revenues, Net Income, Net Income per Common Share.

In the first six months of 1979, IC Industries sales reached a record \$1.746 billion.

This 72.3 percent increase over the first-half of 1978 reflects the August 1978 acquisition of Pet Incorporated, together with strong sales gains posted by the IC Consumer and Commercial Products Groups.

Commercial Products pre-tax income up 24%.

The IC Commercial Products Group (Abex Corporation) achieved outstanding first-half results. Pre-tax income of \$43.1 million was up 24 percent. Sales and revenues, at \$448 million, increased 23 percent.

Consumer Products earn \$42.4 million in pre-tax income.

The IC Consumer Products Group, including Pet Incorporated, reported a total of \$42.4 million in pre-tax income for the first-half of this year. This is a 96.1 percent increase over the first six months of 1978.

Hussmann backlog up 39% over a year ago.

At Pet, the Hussmann and Specialty Food groups had especially strong income gains. Pet pre-tax income for the first six months was \$21.7 million. Hussmann, the world's largest manufacturer of commercial refrigeration and merchandising equipment, has a backlog of \$79 million in unfilled orders—up 39 percent over a year ago.

Midas sales at record levels for service shops and commercial vehicles.

Sales through the 1145 Midas automotive service shops worldwide, and sales of Midas commercial vehicles continued at record levels. Sales of recreational vehicles, however, were adversely affected by the energy situation, availability of consumer credit, and high interest rates.

51.4% increase in income for Pepsi, Dad's, Bubble Up.

IC Industries soft drink operations include Pepsi-Cola General Bottlers, Dad's Root Beer Company and Bubble Up. Together, they reported a 51.4 percent increase in pre-tax income, to \$14 million. Sales

totalled \$117.6 million, an increase of 21 percent over the first-half of 1978.

Looking ahead at IC Industries.

To expand its leadership position, Hussmann has acquired Alton Manufacturing, a maker of customized air conditioners, air washers and circulating units.

Midas has just formed a joint venture with TI Silencers Ltd., London, the UK's leading manufacturer of exhaust systems, to accelerate growth in European markets.

Demand for products marketed by most IC operating units continues strong despite the sluggishness in some segments of the economy. With completion of the second-half of 1979, IC Industries should achieve another good earnings year with record sales of approximately \$3.5 billion.

If you would like to know more about our growing international multibusiness corporation, write: IC Industries, Inc., European Office, 55 chemin Moise Duboulet, CH-1209 Geneva, Switzerland.

IC Industries Growth by design.

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Trade Development Financial Services N.V. U.S. \$40,000,000 Guaranteed Floating Rate Notes Due 1986

Midland Bank Limited U.S. \$50,000,000 Floating Rate Capital Notes 1983

THE SANWA BANK, LIMITED LONDON U.S. \$30,000,000 Floating Rate U.S. Dollar Negotiable Certificates of Deposit, due 24th August, 1981

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PERSONAL Not all today's war veterans are old soldiers Many of the young servicemen killed in Northern Ireland leave widows and orphans behind.

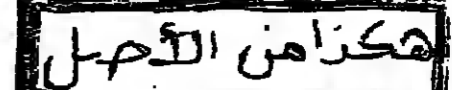






Companies and Markets

COMMODITIES AND AGRICULTURE



NZ butter imports under attack

BY CHRISTOPHER PARKES

THE COMMON Market Commission has started its promised autumn offensive on the EEC's milk surplus with an assault on New Zealand's position in the British butter market.

UK crops weather storms

By Our Commodities Staff

THERE HAVE been comparatively few reports of serious damage to UK cereal crops following last week's storms.

Malaysian dilemma on tin and rubber

BY OUR KUALA LUMPUR CORRESPONDENT

MALAYSIA, as the world's largest producer of tin and rubber, is faced with the same dilemma as Saudi Arabia in relation to the OPEC "hawks".

Tea taxes 'too high'

BY JAMES BARTHOLOMEW

INDIAN AMBITIONS for the tea industry will fall unless tax rates on the plantation companies are reduced, according to Sir John Brown, chairman of the London Tea and Coffee Association.

Copper downturn hits metals markets

BY JOHN EDWARDS, COMMODITIES EDITOR

A SUDDEN downturn in copper brought a generally easier trend on the London Metal Exchange yesterday afternoon.

Cocoa surge reversed

By Richard Mooney

COCOA PRICES declined again on the London futures market yesterday, wiping out most of last Friday's 5% advance.

Coconut oil production likely to fall

WORLD COCONUT oil production in the year ending September 30 is likely to fall 1% per cent to 2.54m tonnes, the lowest level since 1974-75.

Farm talks

A CONFERENCE on the prospects for UK agriculture in 1980 and beyond will be held at the Skean Dub Hotel, Dycas, Aberdeen on October 11 and 12.

BRITISH COMMODITY MARKETS

Table with columns for BASE METALS, COPPER, ZINC, ALUMINIUM, and CORAL INDEX. Includes prices for various metals and their derivatives.

COFFEE

Table showing COFFEE prices for Arabica and Robusta beans, including futures and spot prices.

PRICE CHANGES

Table listing various commodities and their price changes over the month, including metals, oils, and grains.

AMERICAN MARKETS

Table showing AMERICAN MARKETS prices for commodities like wheat, corn, and soybeans.

INSURANCE BASE RATES

Table listing insurance base rates for Vanburgh Guaranteed and Property Growth.

SOFT COMMODITIES

Established Group of Companies seeks experienced trader to develop Terminal Department. A proven record of creative ability is essential.

GRAINS

Table showing GRAINS prices for wheat, barley, and other cereals.

SUGAR

Table showing SUGAR prices for various grades and origins.

MEAT/VEGETABLES

Table showing MEAT/VEGETABLES prices for various types of meat and vegetables.

SILVER

Table showing SILVER prices for various grades and origins.

WHEAT

Table showing WHEAT prices for various grades and origins.

TEA AUCTION

Table showing TEA AUCTION results for various tea grades.

INDICES

Table showing FINANCIAL TIMES and DOW JONES indices.

Wool futures

Table showing WOOL FUTURES prices for various grades and origins.

COTTON

Table showing COTTON prices for various grades and origins.

MOODY'S

Table showing MOODY'S credit ratings for various companies.

REUTERS

Table showing REUTERS market data for various commodities.

Advertisement for Bache 1979, a Century of Investment Service, located at 10, Cannon Street, EC4A 3DF.



LONDON STOCK EXCHANGE

Gloomy economic predictions unsettle equities and index falls 6.8 to 467.4—Gilts regain early losses

Account Dealing Dates Optio

\*First Declars - Last Account Dealings Dates... Aug 20 Aug 23 Aug 24 Sep 3 Aug 28 Sep 6 Sep 7 Sep 17

The second leg of the current account in stock markets got off to a rather depressing start yesterday with equity markets undermined by the latest survey from the CBI showing a marked deterioration in the outlook for UK manufacturing industry...

Trading conditions also reflected nervousness ahead of the July trade figures, and dealers in leading industrial shares defensively lowered prices by several pence at the opening. The manœuvre failed to deter persistent small selling from professional and public holders...

Allanah dealers found it difficult to interpret the trade figures announced at the official close, prices tended a few pence lower in the late dealings and the index closed 6.8 lower on balance at 467.4.

335p, after falling to 335p at one stage.

Most of the equity sections took part in the setback, although the tendency was relieved by occasional bright spots resulting from favourable weekend Press mention. Encouragements were affected by a report from the industry stressing the adverse effects of the recent strength of sterling on exports.

Gilt-edged securities beeded the warnings about the UK economy and opened slightly lower. Libor selling followed and this extended the losses to 2 among the loans and to 2 in the shorts, but the ground lost at the longer end was soon regained. The shorts also began a recovery which gathered pace after the official close of business on the July trade returns and the 500-paid tap, Exchequer 111 per cent 1984, settled at 301, or 1 premium, after earlier touching 298.

Investment currency rates were affected chiefly by yesterday's movements in sterling and the premium opened at the day's highest of 25 per cent before falling back to close at 304 per cent to show a net loss of 11 points. Yesterday's SE conversion factor was 0.8864.

Once again the Traded options market attracted only a nominal business, although the level of trade was slightly above last week's average of 310. A total of 364 contracts were completed.

with Land Securities the only stock to record a useful demand.

Stenhouse volatile Centocent Corporation's purchase of a 30 per cent stake in Stenhouse Holdings overshadowed all else in insurance. The way the 7.5m share deal was completed caused some confusion and a sharp initial rise in Stenhouse from Friday's pre-suspension level of 87p, after trading at 110p, the price reacted swiftly in less animated dealings to close at 92p.

Elsewhere, Royals reacted 6 more to 340p, after 337p, on further profit-taking in the wake of last week's favourable interim results, while Eagle Star declined 5 to 145p, after 143p, and Commercial Union softened 2 to 138p. Life issues drifted lower with London and Manchester, 132p, Pearl, 244p, down 6 pence.

Marked lower at the outset, the major clearing banks continued their retreat on small selling and lack of support. A late rally of a penny or two followed the trade figures but Barclays still registered a fall of 10 to 420p, while NatWest ended 8 off at 332p.

Dult initially, Breweries picked up a little late, although the leaders still finished with modest falls. Whitbread, 141p, and Bass, 211p, eased 4 and 2 respectively, while Scottish and Newcastle gave up 1 1/2 at 66p. Amnng regional issues, Wolverhampton and Dudley came on offer at 290p, down 5, while Vaux slipped 3 to 100p. Daveports gave up 3 of Friday's gain of 8 to close at 88p. Elsewhere, Distillers fell 3 to 232p, after 231p, but Leds Gordon put on 5 to 45p following weekend Press comment.

Department's anti-trust suit move to block Merck's proposed bid for the company.

Blagden and Noakes hardened 2 to 133p in response to the improved interim profits, but Allied Colloids, a good market of late, on bid hopes, encountered profit-taking and shed 6 to 118p, after 114p.

Stores dull

Leading Stores made a dull showing. Profit-taking after the recent speculative rise prompted a reaction of 10 to 285p in Burton "A", while House of Fraser cheapened 4 to 143p ahead of Thursday's interim figures. Mothercare, 172p, and W. H. Smith "A", 186p, declined similar amounts, while Marks and Spencer ended 3 lower at 116p, after 115p. Elsewhere, recent high-fliers were major casualties with Harris Queensway closing 10 down to 288p, MFI furniture easier at 71p, and Peter's closed 6 off at 502p, after 500p, while Pilkington relinquished 7 to 313p, after 311p. Boots ended 3 easier at 188p, after 187p, and Turner and Newall were a like amount cheaper at 123p. Elsewhere, speculative buying on bid hopes lifted United Carriers 10 to 142p and Dundonian rose 6 to 49p, after 50p, in response to an investment recommendation.

Utd. Carriers up

Publication of the July trade returns triggered a modest rally in the miscellaneous industrial leaders, which had earlier drifted lower on small selling after a fairly sharp initial market-wide decline. United Carriers closed 6 off at 502p, after 500p, while Pilkington relinquished 7 to 313p, after 311p. Boots ended 3 easier at 188p, after 187p, and Turner and Newall were a like amount cheaper at 123p. Elsewhere, speculative buying on bid hopes lifted United Carriers 10 to 142p and Dundonian rose 6 to 49p, after 50p, in response to an investment recommendation.

Despite further favourable Press comment, Sisto Shoes encountered profit-taking and closed 6 lower at 212p. Warrington, on the other hand, were bought following an investment recommendation, and settled 2 higher at 85p.

The chairman's recent warning on profit margins continued to weigh heavily on Date Electric which followed last week's fall of 12 with a further loss of 11 to 118p, after 116p. Elsewhere in Electricals, the leaders mirrored the general dull trend with GEC closing 6 off at 355p, after 354p, and Blessey 2 lower at 111p, after 110p. EMF touched 94p before finishing 11 down at 96p.

Sentiment in the Engineering sector was not helped by the gloomy economic views contained in the report from the Engineering Employers' Federation. Falls of 3 or 4 pence were fairly widespread throughout the sector, but leading issues closed above the worst. John Brown touched 414p before settling at 410p, while Vickers failed to rally, and closed 2 down to 51p, after 51p. Starline fell 7 to 140p in a limited market, while losses of 4 were marked against Sprax Sarco, 106p, and Simon Engineering, 280p. Scattered offers in left-back and Wilcoz 5 cheaper at 159p. Against the trend, New Tank and Western Wre Group, 84p, firmed a penny and 2 respectively in response to weekend Press mention.

Thoughts that Splitters might not attract another, and better offer in counter Dalgety's proposed bid of around 50p per share already on the table, prompted a fairly sizeable selling of the former's shares which touched 43p before settling a penny cheaper on balance at 49p.

Dalgety eased 4 to 287p, the company acquired 3.8m shares at around 50p per share in Spillers on Friday. Elsewhere in Foods, Rowntree Mackintosh slipped 4 to 194p and Tate and Lyle relinquished 3 to 131p. In Retail Hotels and Caterers, Grand Metropolitan shed 4 to 141p, after 139p, and Trusthouse Forte fell 5 to 140p.

Oil drift

Leading Oil shares drifted lower on lack of support, but regained a certain amount of composure in the late dealings. Shell, 4 cheaper at one stage, reverted to Friday's level of 326p, while British Petroleum finished 5 down at 1180p, after 1174p. Outside of the leaders, speculative counter Slessea fell 1 to 285p, while Triacraft, 224p, and Lagma, 280p, shed 4 pence.

Shippings drifted easier in a subdued business, although a little late buying developed in the after-hours trade. P & O Deferred ended unchanged at 103p, after 101p, while Ocean shed a penny to 92p, the latter ahead of today's interim statement.

Weekend Press comment stimulated isolated improvements in generally easier Textiles, Sunbeam Wolsey, 44p and Albion, 37p both improving in the afternoon. Sunbeam was the good at 80p following buying in a thin market, but Sider again succumbed to profit-taking, falling 4 to 110p, a two-day loss of 7. Among the leading issues, Courtenoids ended 1 penny cheaper at 89p, while Nottingham Manufacturing gave up a couple of pence to 127p, and Dawson International dropped 4 to 103p. KUKAunwo, Ystimu, meants, detne(

Quiet Mines

Mining markets began the week in subdued fashion. South African Golds were marked down at the outset, reflecting the trend in U.S. markets late on Friday evening, and drifted throughout the day owing to lack of interest and the easier bullion price. The latter closed \$125 off at \$298.825 an ounce.

The Gold Mines index gave up 3 1/2 to 184p, after 187p, following a heavy loss of 10 to 191p. Losses in the heavyweights ranged to a half-point as in West Driefontein, 224, while falls of 1 were common to Randfontein, 225, and Free State Geduld, 113p.

A downturn in the investment market prompted which advanced falls in South African Financials. De Beers gave up 12 to 322p, and Anglo American Corporation and Union Corporation 6 pence at 362p and 382p respectively.

After drifting in idle trading for most of the day, the London and Land Securities rallied to lie with UK equities. BLS Tinto-Zinc ended 2 easier at 291p, after 289p. Charter closed the same amount off at 129p, after 127p, steady in quiet trading. Western Steels generally held. Mining gave up 3 to 180p despite the sharply increased profits and doubled dividend.

Elsewhere, Coppers provided a feature in MTI Markets which advanced 8 to 84p following favourable week-end Press mention.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Secs, Fixed Interest, Industrial, Gold Mines, Gold Mines (Ex-5 pm), Ord. Div. Yield, Earnings, P/E Ratio, Total bargains, Equity turnover, Equity bargains. Includes dates from Aug 20 to Aug 24.

10 am 467.4, 11 am 465.4, Noon 467.1, 1 pm 464.4, 2 pm 464.4, 3 pm 464.3. Latest index 01-246 6028. WTI=6.07.

HIGHS AND LOWS S.E. ACTIVITY

Table showing High and Low prices for various stocks like Govt. Secs, Fixed Int., Ind. Ord., Gold Mines, etc.

ACTIVE STOCKS

Table listing active stocks with columns for Stock, Denomina, Closing price, Change, 1979 High, 1979 Low.

OPTIONS

Table for Options with columns: DEALING DATES, First Last, Deal-Declar, Ings, etc.

New Tory paper

THE YOUNG Conservatives are to launch a tabloid newspaper to be called 'Democrat' on September 1. Its editor is Mr. Bob Hughes who was Tory candidate for Stepney and Poplar at the last election.

LONDON TRADED OPTIONS table with columns: Option, Ex. rse, Closing price, Vol., etc.

Building descriptions were excluded from the modest late rally apparent elsewhere and remained at the lower levels brought about by small scrippy selling. Blue Circle shed 9 to 272p and BPD eased 4 to 153p, while London Brick, interim figures tomorrow, slipped a penny to 69p. Among Contracting and Construction issues, Taylor Woodrow fell 1 1/2 to 375p and Costain cheapened 6 to 158p, while Reddan gave up 8 to 180p, the last-named following publication of the annual report. Recently firm Timbers on offer included Blagden and Southern, Denny, down 11 at 64p.

A FINANCIAL TIMES SURVEY ARAB TRAVEL AND TOURISM October 2 1979. The Financial Times proposes to publish a survey on Arab Travel and Tourism. The main headings of the provisional synopsis are set out below. INTRODUCTION: Steady improvement in facilities for business travel to the Arab world after the appalling congestion that followed the 1973-74 oil price rise. BUSINESS TRAVEL IN THE ARAB WORLD: HOTELS, AIRLINES, CONFERENCE CENTRES, TRAINING AND MANPOWER, MONEY, TELECOMMUNICATIONS.

NEW HIGHS AND LOWS FOR 1979 table listing various stocks and their performance.

RISES AND FALLS YESTERDAY table showing price changes for various sectors.

RECENT ISSUES table listing recent stock issues.

FIXED INTEREST STOCKS table listing fixed interest securities.

Table listing various stocks and their prices.

Table listing various stocks and their prices.

Table listing various stocks and their prices.

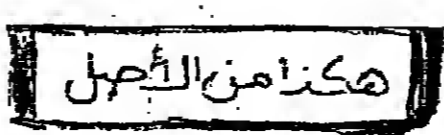
Table listing various stocks and their prices.

Table listing various stocks and their prices.

Table listing various stocks and their prices.

Discontinuation note usually last day for dealing free of stamp duty. Figures based on prospectus unless otherwise stated. Assumed dividend and yield. Figures based on prospectus or other official estimates for 1979. D. Dividend. Y. Figures assumed. Cover also for conversion of shares into new ranking dividend or ending rights only for restricted dividends. A. Placing price to public. B. Placing price otherwise indicated. C. Issued by tender. D. Offered to holders of ordinary shares as a 'rights' issue. E. Issued by way of capitalisation. F. Redeemed. G. Issued in connection with reorganisation, merger or takeover. H. Introduction. I. Issued in connection with a takeover. J. Issued in connection with a takeover. K. Issued in connection with a takeover. L. Issued in connection with a takeover. M. Issued in connection with a takeover. N. Issued in connection with a takeover. O. Issued in connection with a takeover. P. Issued in connection with a takeover. Q. Issued in connection with a takeover. R. Issued in connection with a takeover. S. Issued in connection with a takeover. T. Issued in connection with a takeover. U. Issued in connection with a takeover. V. Issued in connection with a takeover. W. Issued in connection with a takeover. X. Issued in connection with a takeover. Y. Issued in connection with a takeover. Z. Issued in connection with a takeover.

ACTUARIES SHARE INDICES. These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries. Table listing various equity groups and sub-sections with columns for Index No., Day's Change, etc.





AUTHORISED UNIT TRUSTS

Table of authorized unit trusts including Abbey Unit Trst. Mgrs. (a), Friends' Provid. Unit Trst Mgrs., and various other trust managers with their respective fund names and details.

Table of Murray Johnstone U.T. Mgrs. (a), National and Commercial, National Provident Inv. Mgrs. Ltd., and other trust managers.

Table of insurance and property bonds including Crown Life Assurance, Lloyds Life Assurance, and various other insurance companies.

Table of Schwaberg Trust Mgrs. (a), Tower Unit Trust Mgmt. Ltd., and other trust managers.

Table of insurance and property bonds including Lloyds Life Assurance, Prudential Assurance, and various other insurance companies.

OFFSHORE & O'SEAS FUNDS

Table of offshore and overseas funds including Alexander Fund, Allen Harvey & Ross Inv. Mgt. (C.I.), and various other international investment funds.

NOTES: Prices do not include 5 percent commission for all buy orders, and are in pence unless otherwise indicated.



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# FT SHARE INFORMATION SERVICE

**FOOD GROCERIES—Cont.**

**BRITISH FUNDS**

**"Shorts" (Lives up to Five Years)**

High	Low	Stock	Price	Div. %	Yield
100	98	Electric 400	100	4.28	12.48
100	98	Electric 100	100	4.28	12.48
100	98	Electric 200	100	4.28	12.48
100	98	Electric 300	100	4.28	12.48
100	98	Electric 400	100	4.28	12.48

**Five to Fifteen Years**

High	Low	Stock	Price	Div. %	Yield
100	98	Electric 500	100	4.28	12.48
100	98	Electric 600	100	4.28	12.48
100	98	Electric 700	100	4.28	12.48
100	98	Electric 800	100	4.28	12.48
100	98	Electric 900	100	4.28	12.48

**Over Fifteen Years**

High	Low	Stock	Price	Div. %	Yield
100	98	Electric 1000	100	4.28	12.48
100	98	Electric 1100	100	4.28	12.48
100	98	Electric 1200	100	4.28	12.48
100	98	Electric 1300	100	4.28	12.48
100	98	Electric 1400	100	4.28	12.48

**Updated**

High	Low	Stock	Price	Div. %	Yield
100	98	Electric 1500	100	4.28	12.48
100	98	Electric 1600	100	4.28	12.48
100	98	Electric 1700	100	4.28	12.48
100	98	Electric 1800	100	4.28	12.48
100	98	Electric 1900	100	4.28	12.48

**FOREIGN BONDS & RAILS**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**AMERICANS**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**BANKS & HP—Continued**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**BEERS, WINES AND SPIRITS**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**CHEMICALS, PLASTICS—Cont.**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**DRAPERY AND STORES**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**ENGINEERING—Continued**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**BUILDING INDUSTRY, TIMBER AND ROADS**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**HOTELS AND CATERERS**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**INDUSTRIALS (Miscel.)**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**INTERNATIONAL BANK**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**CORPORATION LOANS**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**COMMONWEALTH & AFRICAN LOANS**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**CANADIANS**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**BANKS AND HIRE PURCHASE**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**LOANS**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

**ELECTRICALS**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100	4.28	12.48
100	98	Do. 8% Pref.	100	4.28	12.48

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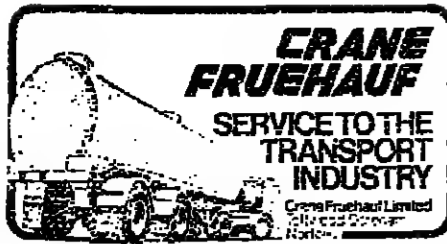
**CHEMICALS, PLASTICS**

1979 High	Low	Stock	Price	Div. %	Yield
100	98	Amalgamated Phos.	100	4.28	12.48
100	98	Do. 5% Pref.	100	4.28	12.48
100	98	Do. 6% Pref.	100	4.28	12.48
100	98	Do. 7% Pref.	100		









Indian Prime Minister quits

BY K. K. SHARMA IN NEW DELHI

INDIA WAS plunged into a fresh political and constitutional crisis yesterday when Mr. Charan Singh resigned as Prime Minister minutes before he was to face a confidence vote in the Lok Sabha (Lower House of Parliament). Another spell of instability now seems certain. Mr. Charan Singh's government lasted 24 days, the shortest spell of any Indian Cabinet. He quit when Mrs. Indira Gandhi announced that her Congress faction in the Lok Sabha would vote against him. This reduced Mr. Charan Singh's coalition to a hopeless minority, and anticipating defeat, he resigned. The Lok Sabha was adjourned after pandemonium for nearly 30 minutes. The resignation came after an emergency Cabinet meeting in which it was decided that the Prime Minister should recommend to Mr. Reddy, the Presi-

dent that the Lok Sabha be dissolved and fresh elections held. Mr. Charan Singh could have set off a major constitutional crisis. Many politicians yesterday questioned his decision on the ground that he avoided facing Parliament on a confidence vote. The support of the 72 Congress faction members in the Lok Sabha was crucial for Mr. Charan Singh's survival. The first to contest Mr. Charan Singh's right to seek a dissolution of the Lok Sabha was Mr. Jagjivan Ram, leader of the opposition, and the Harijan (Untouchable) leader of the disintegrated Janata party which denounced Mrs. Gandhi in 1977. Although it has broken apart, the Janata is still the largest party in Parliament with 206 members out of 542. On this basis, Mr. Ram met

the President and staked his claim to form a government. If the President rejects Mr. Charan Singh's advice to dissolve the Lok Sabha, he is expected to give Mr. Ram a chance to form a government. Mr. Ram would be the first Untouchable to be Prime Minister. 'Wait and see' There was strong pressure on the President yesterday not to dissolve the Lok Sabha. It is not known when he will announce his decision but it is significant that he has not acted immediately. Under the constitution, the President is bound to act on the advice of the cabinet but obviously Mr. Reddy feels that Mr. Charan Singh avoided facing parliament and so may not be entitled to this right. Mrs. Gandhi yesterday avoided committing herself to support for Mr. Ram should he be asked to form the government. 'Wait and see. We will cross that bridge when it comes,' she said. She did not say why she announced that her Congress faction would vote against the confidence motion, but it is thought that it was because of Mr. Charan Singh's refusal to meet her terms. These included withdrawal of cases of corruption and abuse of power against herself, her son Sanjay and their supporters now being heard in special courts. Mr. Charan Singh also refused to meet Mrs. Gandhi until after the confidence vote. This must have further annoyed her and added to her determination to bring down the Government Jaguar deal Page 3

Carter to seek oil cash for pipeline

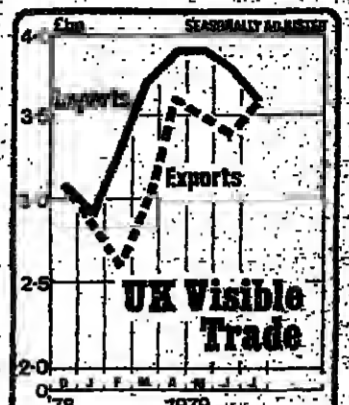
By Stewart Fleming in New York

THE U.S. Government, in an effort to clear the way for construction of the 4,800-mile Alaska natural gas pipeline, is looking for ways to get the major oil companies who own the gas—Exxon, Atlantic Richfield and Standard Oil of Ohio, BP's U.S. subsidiary, involved in the financing. The Administration's moves represent a shift of policy compared with the initial decision in 1977 to back a consortium proposing to build a line through Alaska and Western Canada to bring the 27 trillion cubic feet of gas in the Prudhoe Bay oil field to U.S. markets. They are a further sign of the new sense of urgency which Washington is bringing to proposals to construct the line. The enormous cost of the project, estimated now at anywhere between \$12bn and \$19bn (£5.4bn-£8.5bn) depending on assumptions about inflation and the timing of construction among other things has always posed a serious problem to plans to build the line. It became an even bigger hurdle when a consortium led by Northwest Energy was selected as the group to build the U.S. portions of the line. The companies involved are all too small to support the immense debt burden construction of the line will incur and to bear the risks associated with construction. For this reason there has been an extensive discussion about the possibility of Government guarantees for the financing in order to bring the big banks and insurance companies into the project. But the Administration appears to be reluctant to follow the Government guarantee route, partly because it could result in further delays and require Congressional action. The attempt to get the oil companies involved in the project has many attractions. Precisely how this can be accomplished promises to be a complex problem. One possibility apparently under discussion is that the companies finance prospective costs over runs should they arise. Kevin Done, Energy Correspondent writes: Talks between the U.S. and Mexico over the supply of about 300m cubic feet a day of Mexican natural gas have run into problems over drawing up a formula for linking the gas price to the price of other fuels in the U.S.

THE LEX COLUMN

The trade winds blow warmer

Index fell 6.8 to 467.4



Over the last few months the Department of Trade has turned in a series of outstanding performances in its traditional role of bearer of bad news. But yesterday the mask slipped—the trade figures for July, which show rough balance on visible account and a current payments surplus of £100m or so. Exports have recovered a little, while imports, in value terms, were 8 per cent below the peak of April and May. There was some help from the terms of trade—sterling, after all, reached its highest point in July. It would be premature to conclude on the basis of one month's figures that the trend in the current balance is favourable. For one thing, it is almost impossible to extract a sensible trend from this year's figures; even though adjustment for the under-recording of imports has been made, the road haulage strike has left deep scars in the first six months' data. As this distorts real events, rather than just the recording of information, it cannot be smoothed away by statisticians. But for what it is worth it looks as though the second quarter's trade balance may, on an underlying basis, have been rather worse than the first quarter's, which makes the improvement in July both more welcome and more suspect. But the oil account is now more or less in balance, and should move gradually into surplus. Although exports may suffer from loss of competitiveness, slowing economic activity in Britain should restrain imports. To some extent the April-May hump in imports is mirrored by the bulge in retail sales, which now seems to be over, although there may be restocking of imported goods in anticipation of pre-Christmas spending boosted by tax rebates. Overall, it seems reasonable to hope that rough balance may not be an abnormal outcome to the next few months, although that would leave a substantial current account deficit for 1979 as a whole. The financial markets certainly seemed to find the figures reassuring—a gilt-edged and sterling made some progress after an apprehensive morning. Even the equity market, where at 3 o'clock the FT 30-Share Index was recording a fall of 9.9 points, showed some recovery, but not enough to sug-

gest it had stopped worrying about the problems of exporters. U.S. interest rates Despite the rise in U.S. interest rates recently engineered by the Fed under the new leadership of Mr. Paul Volcker, just about everything points to the probability that these rates have further to go. Mr. Volcker appears to be focusing his attention upon money supply and inflation rather than upon the dollar exchange rate, and if it takes two figures which most clearly show the Fed's policy. The money supply, Mr. Volcker has announced, will grow at an annual rate of 11 per cent in July and though the figure is expected to moderate somewhat in August, U.S. bank economists are unanimous that the aggregate growth over the most recent three months has been much too large. Meanwhile the latest figures for producer prices, showing a 1.1 per cent rise during July, confirm that U.S. inflation is now lodged at above 12 per cent. The moves so far towards tighter credit do not seem to be biting. There is still a lively demand for bank loans and it is being satisfied. It is widely noted that inflation has outstripped the rise in U.S. interest rates over the past year. So despite a tightening of U.S. monetary policy there has been a shift from positive to negative real rates of interest. For the overseas investor this gradual erosion of the value of U.S. interest rates has been made visible in another way: the interest rates available on the hard European currencies have been moving up towards U.S. rates. The German interbank rate has put on 1 per cent since the end of June to 6.5 per cent, whereas the U.S. Federal funds rate has moved up by half that amount to 11 per cent. The result is that the foreign exchange markets now appear to require a measure of evidence of gradual tightening by the Fed to preserve its usual stability in the dollar rate. The same goes for the U.S. bond market, where investors need the same evidence to be persuaded to discount a drop in inflation beyond 1980. Under these conditions the only question is by how much and in what manner U.S. rates will move upwards from here.

Reliance/RTI

Last night's news that Reliance Group is to buy a 51% of the fully diluted equity of Rothchild Investment Trust may surprise anyone in the UK who only knows Mr. Sanjiv Mehta, its chief executive, as the 'brash' gunslinger who received a bloody nose in the Pergamon affair 10 years ago. The years have brought stature to Mr. Mehta, and a very different business with a different approach to accounting and operations. Moreover, the current deal is being struck in a much more satisfactory manner than Continental Corporation's messy first-come first-served bid for a fifth of Stenhouse. That deal, by coincidence, went through yesterday. Reliance's offer is being made to all shareholders at 300p per share, roughly the same premium over the market price (249p) as Continental's bid for Stenhouse's 10% shares, cum the bid are worth 280p each—plus, maybe, a little bit extra for the excitement of the new connection. It is hard to be sure why Reliance is so keen on the deal. It proposes to put its share in a voting trust with certain Rothchild family interests which means effectively that they will be able to block any Reliance proposal that they do not like. And the offer seems to have nothing to do with RTI's recent announcement that it might increase its 1.4 per cent holding in the bank. N. M. Rothschild and Sons, Reliance does not have any grand plan for its new investment. So this may simply be a case of two entrepreneurial groups deciding to form a closer link after years of friendly acquaintanceship.

Loan of £68m for Beatrice Field

BY RAY DAFTER, ENERGY EDITOR

A CONSORTIUM of seven international banks is lending the U.S. Kerr McGee group \$150m (£68m) as part of the financing arrangements for development of the North Sea Beatrice Field. Kerr McGee Oil (UK), British subsidiary of the group, has a 25 per cent stake in the field, which is being exploited under the operation of the British National Oil Corporation at a cost of \$755m (£343m). Morgan Guaranty Trust of New York, First National Bank of Chicago and First National Bank of Dallas are joint managers of the loan, which is

backed by limited recourse to Kerr McGee's parent. Kerr McGee has agreed to indemnify the banks against failure to complete the field's development, and to maintain the specified level of production. Other banks involved in the loan are National Westminster, Bank of Scotland, Citibank, and Den Norske Kreditbank. The Beatrice Field lies some 12 miles offshore in Moray Firth, in Block 11/30. Its recoverable reserves are estimated to be 160m barrels. Its peak production would be about 80,000 barrels a day.

Oil is due to begin flowing ashore, via a 49-mile pipeline to a Nigg Bay terminal and storage facility, in May 1981. Conoco, as operator of the field, said the platform structure was the largest to be launched from a barge. It is expected that the field, estimated to cost \$950m (£432m) to develop, will be brought on stream in the second half of next year. Recoverable reserves are estimated at about 380m barrels, while output should reach 150,000 barrels a day. Discovered in 1975, the field is being exploited by a consortium which includes Gulf Oil and BNOG.

Move to break engineers deadlock

BY CHRISTIAN TYLER, LABOUR EDITOR

MOVES to break the deadlock in the national engineering pay dispute were under way yesterday as the third one-day strike by an estimated 1m workers showed little sign that either employers or unions are weakening. An invitation to meet the Advisory, Conciliation and Arbitration Service again on Friday has been accepted by the unions, according to Sir John Bord, general secretary of the Amalgamated Union of Engineering Workers yesterday. ACAS could not confirm his statement last night, but said it was in touch with both sides. Meanwhile, two companies were named as having resigned from the Engineering Employers' Federation after making their own deals. They are Oldham and Sons, the hattery manufacturer in Denton, near Manchester, and Street Crane at Chapel-en-le-Frith, Derbyshire. The EEF confirmed the resignation of Oldham. Another firm listed among the federation's members, Hotpoint, in Llandudno Junction, North Wales, reached an agreement over the weekend. Its 1,200 workers did not join the strike yesterday. It is not yet clear whether this represents another break in the ranks. All 6,500 EEF members were sent letters yesterday by Mr. Anthony Frodsham, director-general, claiming that union members "seem to have little heart for the present dispute". The letter asked chief executives to confirm the "path of solidarity and determination" in resisting the unions' pay claim. The EEF has threatened defectors with what amounts to expulsion.

The EEF said six member firms had given in and two had withdrawn their pay offer. Sir John Boyd claimed that more than 100 companies had capitulated, of which many were EEF members. In Birmingham, about 2,000 workers marched through the city and were heckled by 50 women from local Lucas factories claiming that workers were being frightened into taking action and calling for a ballot. A march and rally in Liverpool was poorly supported, but most North-West factories were shut. At Ilkeston, Derbyshire, the Stanton and Staveley steelworks union notice-boards carried the warning that any strike-breaker would be "expected to face the consequences". Some employers are now considering whether to break

with recent tradition and call a retaliatory lock-out if the Confederation of Shipbuilding and Engineering Unions carries out its threat to call two-day strikes starting from September 3. The unions have said they will continue the overtime ban which is said by employers to be having the most serious effects on output and delivery targets. Mr. Frodsham's letter makes it clear that the EEF sees the fight as a test of employer resistance at the start of the new pay round. The engineering unions are claiming a minimum rate of £80 a week for skilled men and shorter hours. The Federation has offered £70 and will make no move on hours. Minimum rates, set by national bargaining, are generally exceeded in factory deals, but determine the level of overtime and shift pay.

Cornish yard closure

BY ROBIN REEVES

THE CORNISH ship repair yard of N. Holman and Sons Penzance is to close with the loss of 110 jobs. Management said yesterday that the yard was the victim of the one-day strikes and overtime ban by engineers. Mr. Anthony Holman, managing director, said the dispute had resulted in contracts being cancelled and there was no further work available. But employees said the yard had been short of work for some time. The yard is a long-established business with a dry-dock suitable for coasters and small tankers. Although able to take only one vessel at a time, it has competed successfully for business in recent years by quoting continuous working time contracts involving significant overtime, thus keeping the period during which vessels are out of service to a minimum. But because of the disruption and uncertainty caused by the strikes and overtime ban, the company has become unable to continue quoting continuous working prices. Dismissal notices were given to the workforce with effect from last Friday. However, hopes were being expressed yesterday by union and local government officials that the company's decision was not irrevocable. In the meantime, the closure is a serious blow to the local Penzance economy. The repair yard has been an important employer in an area where male unemployment is already running at some 11 per cent. Far Cornwall as a whole the unemployment rate is 9 per cent.

Reliance in £16.2m bid for 20.1% of Rothschild Investment

BY JAMES BARTHOLOMEW IN LONDON AND STEWART FLEMING IN NEW YORK

RELiance, formerly Leasco—the computer-leasing company which fought with Mr. Robert Maxwell for control of Pergamon Press—is to bid £16.2m for a 20.1 per cent stake in Rothschild Trust in a deal announced yesterday. The deal means a new association between N. M. Rothschild, one of the inner circle of City merchant banks, and Reliance, a major U.S. insurance group. The investment trust is closely connected with N. M. Rothschild. The trust holds an equity stake of 11.4 per cent which may increase "according to its last report to shareholders". The bank, in its turn, holds an 8.9 per cent stake in the investment trust and five of its directors are on the board. The bank is investment adviser to the trust.

The association between a British merchant bank and a large American insurance group is not without precedent. The Prudential Insurance Company of America has a 9.5 per cent stake in Hambros, the holding company of Hambros Bank. 'Small stake' But Rothschild Investment Trust last night played down the possibility of co-operation between the bank and Reliance, saying that the deal was between Reliance and the trust. Rothschild said that Reliance's stake in the bank would be relatively small and indirect and it had not been thought necessary to obtain the approval of the Bank of England, which keeps and eye on the ownership of the accepting houses—the top merchant banks. Reliance's history includes an attempt to gain control of

Chemical Bank in the 1960s. In the seventies it has grown quickly and in 1978 it made after-tax profits of \$103m. Rothschild Investment Trust has also been one of the more adventurous financial institutions recently, coming into conflict with Harrison and Crossfield, one of the biggest plantation companies in the world, when joining a consortium to bid for London Sumatra, one of Harrison's associate companies. The trust and Reliance hope to benefit from each other's investment ideas and contacts. The deal was "totally logical" said RTI yesterday. It would help the trust to develop internationally, he said. The offered price of 300p per share compares with a market price last night of 249p and fully diluted net assets of 249p per share.

Weather

UK TODAY CLOUDY with rain becoming brighter with squally showers and strong winds. London, S.E. England, E. Anglia Cloudy with rain becoming brighter. Max 17C (63F). Midlands, E. England, Channel Isles. Bright or sunny intervals with showers. Max 18C (64F). S.W. England, Wales, North and N.E. England Mainly cloudy with some bright periods and showers. Winds strong to gale. Max 16C (61F). Scotland, Ulster, Orkney. Mainly cloudy with rain and strong to gale winds. Max 14C (57F). Outlook: Cool, wet and windy.

WORLDWIDE

Table with 3 columns: City, Day, High/Low temperatures. Includes cities like Alajuela, Amst., Athens, Bahrain, Barcelona, Bogota, Brasilia, Buenos Aires, Calcutta, Cape Town, Caracas, Chennai, Colombo, Copenhagen, Curitiba, Dallas, Delhi, Dhaka, Doha, Frankfurt, Geneva, Gurgaon, Harare, Havana, Hong Kong, Houston, Jakarta, Johannesburg, Kuala Lumpur, London, Lyons, Madrid, Manila, Mexico City, Miami, Moscow, Mumbai, New York, Ottawa, Paris, Perth, Rome, Santiago, Sao Paulo, Singapore, Stockholm, Sydney, Taipei, Toronto, Vancouver, Wellington, Wichita, Zurich.

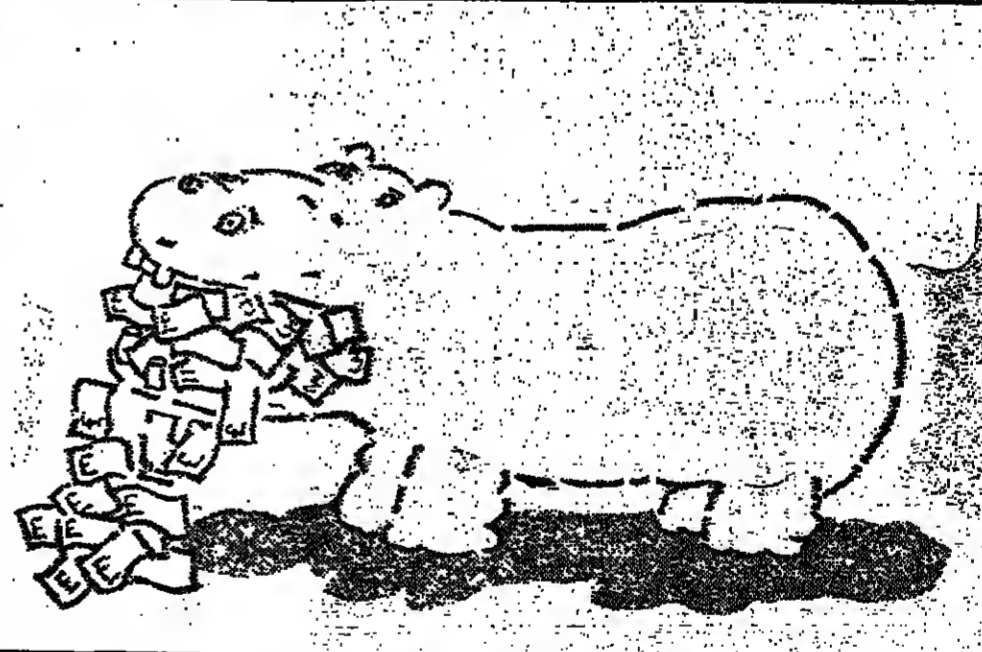
Shell makes profit

Continued from Page 1 ducts remained at about last year's level. However, the company does not expect to implement further price rises this year. Mr. Desmond Watkins, managing director of Shell UK Oil, said the supply situation was substantially easier than earlier this year. Demand in the second half of this year was expected to be some 3 per cent lower than in the first six months. There were three main reasons for this: warmer weather, a public response to conservation, and a greater emphasis on coal burning by the electricity industry. Providing that there were no unforeseen events in the Middle East and elsewhere the oil

Surplus

Continued from Page 1 Although the second half performance should be better than in the first half, the latest surveys point to only a small growth of exports because of the slower expansion of world trade and the recent rapid erosion of the competitive position of UK goods. The recent strength of sterling has, however, meant that the trade figures are better than they would otherwise have been. Over this period, export prices have risen by 5 per cent. Fuel prices have increased especially sharply and rises in domestic costs have worked through to the price of manufactured exports.

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